1941 STATE LEGISLATION RELATING TO RURAL ELECTRIFICATION

John E. Donahue

C. U. Samenow

For REA staff use only

September 12, 1941

1941 STATE LEGISLATION AFFECTING RURAL ELECTRIFICATION

Since January 1, 1941, forty-three of the forty-eight state legislatures have convened in regular session. Of these, only one, Massachusetts remains in session; two, Michigan and New Jersey are in recess, to reconvene on October 9, 1941 and November 13, 1941, respectively. Utah has held two special sessions, both of which have adjourned. The Texas legislature convened on September 9 and the Vermont legislature convened on September 10, both in special session, for the consideration of matters which do not affect the rural electrification program. The Legislative Unit of the Legal Division followed closely legislative developments in all but two of the states, New York and Rhode Island which, during the course of the session, did not require attention.

Affirmative legislative programs were actively conducted in 29 states; defensive programs in 26 states. The nature of these programs is outlined in the table which follows immediately hereafter. Of necessity the table is intended merely to serve as a guide to the more detailed state reports which present briefly an analysis of legislation which was sought by our borrowers (Affirmative Program), the legislation which was fought by our borrowers (Defensive Program), and legislation which was of general collateral interest, although it did not directly affect the rural electrification program (Collateral Legislation). The first two categories of legislation, affirmative and defensive, are self-explanatory. The third category refers to items selected from the voluminous mass of bills which entered into the legislative process. Hundreds of bills were checked and examined of which a large number were rejected as bearing no relation to the program. On the other hand, a large number are reported. No attempt has been made to set out and describe the details of all of the bills in the three categories. Sufficient information concerning each bill reported has been furnished to enable those interested in specific bills to identify them and examine them in full. Particularly in the third category, Collateral Legislation, it will be found that large numbers of the bills are of interest only to certain segments of the organization. In most instances copies of the bills reported are available in the files of the Legislative Unit for examination by those interested.

Prior to the convening of the legislative sessions, a list of legislative subjects was prepared and copies sent to members of the Rural Electrification Administration staff and representatives of borrowers, with a request that the attention of the Legislative

Unit be called to any bills which were introduced in the several legislatures bearing on the subjects listed. A copy of this list is attached hereto. Immediately following the November, 1940 elections, an attempt was made to identify all members of the legislatures who were either project attorneys or otherwise closely identified with the borrowers in the states in which legislative sessions were to be held in 1941. As far as possible these legislators were communicated with either directly by the Legislative Unit or through their projects. Where no direct legislative contact could be established, communication was had with a selected project attorney or attorneys or with groups, committees, associations and councils representing our borrowers. The efficiency of our legislative reporting service varied in the states, as might be expected. By and large* it appears that very little legislation of either direct or indirect interest to us failed to come to our attention at one point or another in the course of its progress through the legislative process. Very considerable assistance was rendered us by the State Legislative Section of the Office of Government Reports.

In evaluating and construing bills received, and determining what legislation should be recommended to our borrowers for initiation, the various sections in the Legal Division and the other divisions of the Rural Electrification Administration were consulted from time to time. The Legislative Unit, as the occasion arose, received valuable assistance and cooperation from other members of the legal staff and other divisions.

The usual obstacles in the way of the affirmative program, private power company opposition and political obstruction, were encountered in various states with varying degrees of effectiveness. On the defensive side, these sources of obstruction were relatively quiet. By and large, the officers and memberships of our cooperative borrowers demonstrated good political sense, in the broad meaning of the term, in connection with legislation. Occasionally, lack of co-ordination and dissension was encountered in the ranks. Every effort was made to smooth out the rough spots. It may now be reported that the campaign in each of the states closed on a note of willingness to cooperate for the common good.

The sum total of new legislation which was sought and obtained is by no means overwhelming. However, as indicated in the

*The New Mexico electrical licensing law and Wyoming sales tax law situations are the outstanding cases of objectionable legislation which was enacted without our being aware of it.

table and in the state by state reports, the model act, which was again revised in 1940, was enacted in one form or another in four of the ten states in which its passage was sought, Connecticut, Kansas, Maine, Maryland. Substantial gains in the way of amendatory legislation were achieved in two states, North Carolina and North Dakota. In three states, Kansas, Minnesota and Wisconsin, minor gains in this field are recorded. In three states, Nebraska, Oregon and Washington amendments of power district laws were obtained, without our affirmative participation. In four states, Maryland, Missouri, Pennsylvania and South Dakota, attempts to secure amendatory legislation failed.

Tax gains were very substantial. The Georgia, Iowa, New Mexico, North Carolina, North Dakota, Ohio, South Carolina, South Dakota and Utah legislatures enacted bills relieving cooperatives of ad valorem property taxation in toto or substituted for such taxation, a gross receipts tax, or imposed limitations on the assessment of rural electric lines. In two additional states, Maryland and Oklahoma, such legislation was enacted but vetoed by the Governor. Arkansas passed a bill exempting the cooperatives from special assessments. The Connecticut model act substituted a fee of $10. per 100 members for excise and income taxes. Minnesota enacted an income tax exemption. Montana clarified and extended the provision for assessment at 7% of value of rural electric property. Wisconsin passed legislation clarifying the gross receipts tax law. In Colorado, Florida and Idaho, attempts to secure ad valorem tax relief failed. In Washington for the first time the property of public utility districts was subjected to taxation. However, the measure was a moderate one which is reported to have been approved by the Bonneville Power Administration.

In passing, occasion is taken to point out the advisability of taking advantage of the tax moratoria in those states which have given ad valorem tax exemptions or substituted gross receipts taxes therefor for a limited period. This is most important for newly organized projects whose income in the formative years may not permit the carrying of a full tax load.

In seven states attempts were made to secure easement legislation in one form or another. Only in Kansas where the easement provision in the model act was retained, and in Minnesota where a provision, which now appears to be unsatisfactory to the cooperatives, was obtained relating to easements over state lands, were gains achieved. In Florida, New Mexico, North Carolina, South Carolina and Wisconsin attempts in this direction were for the most part unsuccessful. The results of the scattered attempts to secure other affirmative legislation are covered by the state by state reports.

On the defensive side, the bulk of our borrowers' efforts was devoted to opposing inimical electrical licensing bills which

would have imposed burdens upon rural installations. The defense against these bills was effective in 14 states. In one state, New Mexico, the licensing bill was amended to include territories in which our borrowers operate. The North Dakota amendment of the licensing bill did not affect our borrowers. Our position at all times favored reasonable, economical inspection provisions and we so advised our borrowers uniformly. Tax bills which were considered inimical to the rural electrification program failed in six states. Most of these bills were of general application to all taxable property in the state, the exception being Oregon where a determined unsuccessful attempt was made to tax peoples' utility districts. In three states, New York, Ohio and Oklahoma, tax bills are reported to have passed; all three of these bills were of general application. Only in Wyoming is a net loss on this front reported, a 2% sales tax bill having been passed after our borrowers had been successful in opposing a similar bill before the legislature. In six states, Florida, Minnesota, New Mexico, Oregon, South Dakota and Washington bills which would have subjected our borrowers to commission jurisdiction in one form or another were opposed. In Florida and South Dakota, the attack was in the form of general Public Service Commission bills which failed of passage. In New Mexico, such a bill was passed but electric cooperatives were specifically exempted. There is some question as to the applicability of an Oklahoma bill relating to the Public Service Commission which passed.

In Maine and Minnesota telephone interference bills were opposed and killed. In Pennsylvania it is interesting to note that a new form of interference bill was introduced, relating to interference by power lines with automobile radios. This bill did not pass. "Safety" bills, all of which contained objectionable provisions, failed to pass in four states. In Montana, electric cooperatives were exempted from a construction standards bill because of the fact that previous legislation covering this field for electric cooperatives had been enacted in 1939. A crossings bill was enacted in Colorado. Its applicability to our borrowers is not yet clear. Several bills covering miscellaneous subjects were opposed in the different states. They are described in detail in the state by state reports.

Each of the state reports contains a section entitled either "1942 Program" or "1943 Program". It is to be hoped that each member of the Rural Electrification Administration staff to whom this memorandum comes will consider the content of these sections and advise from time to time as to the desirability and utility of proceeding in the direction indicated and suggest deviations or objections. The legislatures in eight states, Kentucky, Louisiana, Mississippi, New Jersey, New York, Rhode Island, South Carolina and Virginia will convene in regular session beginning in

January 1942. It is anticipated that other states in addition to Texas and Vermont may hold special sessions prior to the convening of the 1943 legislatures. Immediate suggestion of needed legislation in any of the states is solicited.

John E. Donahue

Charles U. Samenow

1941 STATE LEGISLATION AFFECTING RURAL ELECTRIFICATION

A. Affirmative Program

State	Model Act	Amendatory	Tax	Easement	Other
Ariz.	Failed				
Ark.			S.A.Exemption[1]		
Cal.					
Colo.	Failed		Failed		(a)
Conn.	Passed		In Model Act		See Jewett Bill
Del.					
Fla.			Failed	Failed	(b)
Ga.			Passed		
Idaho			Failed		
Ill.					
Ind.					
Iowa			Passed		
Kan.	Passed	Passed		In Model Act	
Me.	Passed				
Md.	Passed	Failed	Vetoed[2]		
Mass.	Withdrawn				
Mich.					
Minn.		Passed	I.T.Exemption[3]	Passed[4]	(c)
Mo.		Failed			
Mont.			Passed[10]		
Neb.		Passed[5]			
Nev.					
N.H.					
N.J.					
N.M.			Passed	Failed	(c)
N.Y.					
N.Car.		Passed	Passed	Failed[6]	
N.D.		Passed	Passed		
Ohio			Passed		
Okla.			Vetoed		
Ore.	Failed	Passed[7]			
Pa.		Failed			
R.I.					
S.Car.			Passed	Failed	
S.D.	Failed	Failed	Passed		(d)
Tenn.					
Tex.					
Utah			Passed		
Vt.	Withdrawn				
Wash.		Failed in part[8]	Passed[9]		(e)
W. Va.					
Wis.		Passed	Passed[10]	Failed[11]	(f)
Wyo.					

Note: Numerical notes appear on page 3 of this table.

(a) Highway Crossing Safety Bill Failed
(b) Mortgage for Future Advances-Passed
(c) Electrical Licensing Law Exemption Failed
(d) Telephone Interference Bill Failed
(e) Reduce Electrical License Fee, Failed
(f) Eminent Domain and Insurance Bills Failed

B. Defensive Program

State	Elec'l etc. Licensing	Tax	Commission Jurisdiction	Telephone & Other Interfer.	"Safety"	Other
Ariz.						
Ark.		Killed				(a)
Cal.						
Colo.	Killed				Passed	(b)
Conn.	Killed					
Del.						
Fla.	Killed	Killed	Killed[1]			
Ga.						
Idaho						
Ill.						
Ind.	Killed					(c)
Iowa						
Kan.						
Me.		Killed		Killed		
Md.						
Mass.						
Mich.	Killed					
Minn.			Killed	Killed	Killed	(d)
Mo.	Killed	Killed				
Mont.	Killed				Exemption[2]	
Neb.	Killed	Killed				
Nev.	Killed					
N.H.						(e)
N.J.						
N.M.	Amended		Exemption[3]			
N.Y.		Passed[4]			Killed	
N. Ca.						
N.Dak.	Amended[5]					
Ohio		Passed[6]				
Okla.		Passed[7]	Passed[8]		Killed	
Ore.		Killed	Killed		Killed	(f)
Pa.	Killed			Killed[9]		
R.I.						
S. Ca.						
S.D.			Killed			
Tenn.	Killed					
Tex.	Killed					(g)
Utah						
Vt.						
Wash.	Killed		Killed[10]			
W. Va.						
Wis.	Killed					
Wyo.		Passed[11]				

Note: Numerical notes appear on page 3 of this table.

(a) Municipal Extensions into Rural Areas, Killed
(b) Regulation of Crossings Construction, Passed
(c) Undesirable amendment of EMCA Killed
Meter Bills Killed
(d) Gasoline Transportation Bill Killed
(e) Rate Regulation Bill Killed
(f) Amendment of Easement Law Killed
(g) Zoning Bills Killed

B. Licensing Practices

	Alcohol etc. Licensing	Tax	Consumption Jurisdiction	Telephone & Other Interfer.	Telegraph	
Ala.						
Ark.		Allied				
Cal.						(c)
Colo.	Allied					
Conn.	Allied				Denied	
Del.						
Fla.	Allied	Allied	Allied[1]			
Ga.						
Idaho						
Ill.						
Ind.						
Iowa	Allied					
Kan.						(e)
Ky.						
La.		Allied		Allied		
Me.						
Md.						
Mass.	Allied					
Mich.						
Minn.			Allied	Allied	Allied	(d)
Miss.	Allied	Allied				
Mo.					Denied[2]	
Mont.	Allied	Allied				
Neb.	Allied					
Nev.						
N.H.						
N.J.						(c)
N.M.						
N.Y.	Denied	Denied[4]	Denied[3]			
N.C.						
N.D.	Denied[5]					
Ohio						
Okla.	Denied	Denied			Allied	
Ore.						
Pa.						
R.I.						
S.C.						
S.D.						
Tenn.	Allied					
Tex.	Allied					
Utah						
Vt.						(g)
Va.						
Wash.						
W.Va.						
Wis.						
Wyo.						
D.C.						
Alaska						
Hawaii						
P.R.						

Numerical Notes

A. Affirmative Program

1. Exemption from special assessments.
2. Exemption bill for Choptank Cooperative, Inc.
3. Income tax.
4. Easements over State lands.
5. Public Utility District Law.
6. Exemption from registration requirements, sought; general law failed but two local bills passed.
7. Both the cooperative law and peoples' utility district law.
8. Amendment of non-profit corporation law failed; public utility district law was amended.
9. Property of public utility districts subjected to taxation.
10. Clarifying legislation.
11. Attempt to abrogate rule of additional servitude.

B. Defensive Program

1. General bill; cooperative exemption had been arranged.
2. Electric cooperatives were exempted from a construction standards law.
3. Electric cooperatives were exempted from new Public Service Commission Law.
4. Extends 2% emergency utilities tax.
5. Does not affect our borrowers.
6. Extends .65% gross receipts tax.
7. Of general application.
8. Probably does not apply to our borrowers.
9. Radio interference.
10. Related to public utility districts.
11. Sales tax.

Hypothetical Lot 3

A. [illegible]

1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]
5. [illegible]
6. [illegible]
7. [illegible]
8. [illegible]
9. [illegible]
10. [illegible]
11. [illegible]

B. [illegible]

1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]
5. [illegible]
6. [illegible]
7. [illegible]
8. [illegible]
9. [illegible]
10. [illegible]
11. [illegible]

LEGISLATIVE SUBJECTS AFFECTING RURAL ELECTRIFICATION PROGRAM

1. Public utility regulation, particularly electric utilities.

2. Specific legislation applicable to the rural electrification program,

   (a) Electric membership or cooperative acts or amendments.
   (b) Acts designed to protect territories of electric cooperatives.
   (c) Acts relating to taxation of cooperatives or exemption of cooperatives from taxation.
   (d) Legislation designed to subject rural electric cooperatives to jurisdiction of Public Utility (Public Service, Corporation, etc.) Commissions.
   (e) Telephone interference and safety legislation.
   (f) Legislation relative to easements and use of highways.
   (g) State Rural Electrification Authority Acts or amendments.
   (h) Power District Acts or amendments.
   (i) Municipal Revenue Bond Acts or amendments.

3. General cooperative acts or amendments, particularly the Uniform Agricultural Cooperative Association Act or amendments.

4. Non-profit corporation acts or amendments.

5. Licensing and Inspection Acts:

   (a) Licensing of electrical contractors or journeymen or both and inspection of electrical wiring.
   (b) Licensing of contractors.
   (c) Licensing of engineers.

6. Taxation of public utilities or general business corporations.

7. Blue Sky legislation (requiring registration of and regulating issuance of securities or membership certificates).

1941 Arizona Legislation - Final Report
Session: January 13 to March 13, 1941

A. Affirmative Program

Model Act. Although our cooperative activity in Arizona is very restricted, because of some doubt as to the applicability of the General Corporation Law, under which cooperative borrowers are or would be incorporated, it was determined again to seek enactment of the Electric Cooperative Act. The Act had been introduced during the 1939 session but failed of passage, apparently because of the late start. Mr. Charles H. Reed, project attorney for Arizona 4 Pinal, who served as our legislative contact, indicated his opinion that the prospects of passage were good. The bill was introduced as H.B. 216 after considerable delay on Mr. Reed's part in conforming the bill to Arizona statutory requirements and seeking legislative sponsorship. No information could be obtained from Mr. Reed until after adjournment of the legislature on March 13, when we were finally advised by Mr. Reed that the bill had failed to pass, although it received favorable action in committee, because of the pressure of other legislation which carried the session four days beyond the constitutional limit. The actual reason for the failure of the bill to pass was undoubtedly lack of adequate sponsorship and support. Mr. Reed's optimism concerning passage of the bill was not implemented with effort on its behalf. So far as could be determined, no other affirmative legislation was initiated by any of our borrowers.

B. Defensive Program

Because of the inadequacy of our lines of communication, we were not currently apprized as to bills which might adversely affect the rural electrification program. No adverse bills have been brought to our attention.

Constitutional Amendment - 1940 Election: Definition of Public Service Corporations. In November 1940, the electorate rejected a proposition to amend Article XV, Section 2 of the Arizona Constitution, to define as public service corporations all corporations furnishing electricity, etc., except municipal corporations rendering public utility services within their corporate limits (Ballot Nos. 104, 105, pursuant to H. Con. Res. 13, 14th Legislature).

C. Collateral Legislation

Enacted.* On the basis of information furnished by the Office of Government Reports, we secured from Mr. Reed, after adjournment of the legislature, his report on certain enactments which we believe to be of collateral rather than direct interest. These bills are as follows:

S.B. 12 - Amends Article VI of Chapter 75 of the revised Code of 1939, relating to electrical districts, to permit the issuance of refunding bonds for a period of not more than 30 years after the date on which the refunded issue matures; prescribes form and terms of bonds and conditions on issuance. The bill was passed as an emergency measure and was approved on March 14, 1941, on which date it became effective. We make no loans at present to electrical districts. However, this bill may become important if such loans are made. It will be known as Chapter 34 of the Laws of 1941.

H.B. 46 - Enlarges the Municipal Revenue Bond Act of 1940 to include all municipal utilities. This bill does not directly affect our program. It will be known as Chapter 107 of the Laws of 1941.

Constitutional Amendment - 1940 Election: Irrigation and Electrical Districts - Political Subdivisions. In November 1940, the electorate accepted a proposition to add Section 7 to Article XIII of the Constitution, constituting irrigation, power, electrical, agricultural improvement, drainage and flood control districts, and tax levying public improvement districts, - political subdivisions of the state clothed with their immunities and exemptions. (Ballot Nos. 107, 108, pursuant to Initiative Petition).

Failed. The following bills were introduced but failed of passage:

S.B. 52 - Would have created a Department of Public Utilities, replacing the Corporation Commission upon its constitutional abolition.

H.B. 72 and S.B. 74 (companion bills) - Would have created the Arizona Water and Power Authority, for the purpose of appropriating, developing and administering the hydro-electric resources of the Colorado River, alone or in cooperation with the Federal Government, with power to control or license the use of the Colorado River for water or hydro-electric energy, and to receive and administer as a revolving fund any moneys received by the State of Arizona from the United States by reason of operation of Boulder Dam. Freedom from Corporation Commission jurisdiction and exemption from taxation are provided. The Authority is authorized to join with conservation districts, water agencies, power agencies and municipalities, in the exercise of the powers.

* See addendum on page 3.

H.C.R. 9 - Proposed constitutional amendments empowering any incorporated city or town to supervise public service corporations doing business therein, including rates and charges.

D. 1943 Program

It must be recognized that we have only one cooperative functioning (Arizona 14 Cochise) and only one or two others in the development stage. Unless the program expands considerably prior to the 1943 legislative session, or serious problems arise as to present operations because of the statutory basis of operations, it would not seem profitable to press further for the enactment of the Electric Cooperative Act. In the event legislation is sought in 1943, personal field contact should be made for the purpose of marshalling effective sponsorship and adequate support.

Addendum.

Collateral Legislation - Enacted. H.B. 110, enacted as Chapter 40, Laws 1941, amends provisions relating to fees of corporation commission for filing of articles, registration, appointment of statutory agent, issuing certificate of incorporation, etc., and requiring appointment and registration of a statutory agent by every corporation.

1941 Arkansas Legislation - Final Report
Session: January 13 to March 13, 1941

A. Affirmative Program

Tax Legislation. A program for limited tax exemption was initiated locally and resulted in the enactment of S.B. No. 174 (approved March 27, 1941, effective June 12, 1941; Act 414). This bill is in the form of an amendment to Section 30 of the Electric Cooperative Corporation Act, which provided for payment of a fee of $10.00 annually for each 100 members or fraction thereof in lieu of excise taxes. As amended, the section now provides for exemption from assessments by "any general or special taxing district levied on electric transmission, or distribution lines, or right-of-way easements."

Amendatory Legislation. Amendments of the Cooperative Act to provide for (a) bylaw amendments by the members, (b) revision of the section on distribution of revenues, (c) removal of limitations on the use of names, and (d) qualification of foreign cooperatives were considered but no attempt was made to secure same as it was deemed that the benefits derived from the amendments would not compensate for the effort and expense involved.

B. Defensive Program

Municipal Extensions. S.B. 19 and S.B. 283 were introduced, relieving municipal utilities from Public Utilities Department jurisdiction and permitting the extension of municipally-owned lines into rural areas. Without consulting us, our borrowers opposed the bills on the ground that the bills would harmfully affect rural electrification. Neither of the bills passed, no action being taken on S.B. 283, and S.B. 19 being unfavorably reported by the Committee on Public Service Corporations and subsequently defeated in the Senate 16 to 14. It is interesting to note the report that certain Senators associated with the rural electrification program are reported to have "declared passage of the bill would deprive the cooperatives of territory rightfully theirs to serve."

Taxation. H .B. 496 would have levied a tax equal to three per cent of the sale price of electrical energy sold for domestic and commercial consumers, and not for resale. This was a new tax intended for old-age assistance purposes and would have imposed an additional burden upon our borrowers. This bill failed by a vote of 43 to 33.

C. Collateral Legislation

Enacted.* S.B. 27 was a local bill relating to the management, control, and operation of one municipal light and power plant. It passed both Houses, was signed by the Governor on February 18, 1941, and became effective immediately as Act 70.

Failed. S.B. 169, a revenue bond act for the purchase, construction and improvement of gas systems by cities and towns, was withdrawn by the author who substituted S.B. 225, a general revenue bond act relating to both gas and electric systems. This bill failed of passage in the Senate by a vote of 11 to 12.

H.B. 505, a municipal revenue bond act relating to the acquisition, construction and betterment of electrical systems by cities and towns, passed the House on March 11, but failed of adoption in the Senate.

D. 1943 Program

In planning the affirmative program for the 1941 session, the matter of the jurisdiction of the Public Utilities Department was considered. Our borrowers are now compelled to secure certificates of convenience and necessity. It was decided not to seek exemption, as the jurisdiction had not in the past furnished any obstacle to the development of the program. However, the matter of jurisdiction should be reconsidered prior to the 1943 session.

The experience of our borrowers under the present Electric Cooperative Corporation Act should be reviewed prior to the 1943 session to determine whether any of the amendments which were considered and not pursued during the 1941 session should be sought, or for that matter whether enactment of the latest revision of the model act should be attempted.

The terminology of the tax exemption statute passed by the 1941 legislature may raise some question as to the extent of the relief provided thereunder. The experience of our borrowers under this statute and the general ad valorem tax situation should also be reviewed.

It would appear advisable also to align our borrowers and their representatives, both legal and legislative, with our general policy with respect to the development of municipal plants. Renewal of the open opposition to the bills which would have permitted the municipalities to extend outside of their limits may boomerang.

*Addendum. H.B. 314 (Act No. 328, Acts 1941) established board of plumbing commissioners with power to make rules and regulations.

[illegible] Oil and Lubrication

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

1941 California Legislation - Final Report
Session: January 6 to June 14 (16) 1941

A. Affirmative Program

No legislation in support of rural electrification was sought during the last session of the legislature.

B. Defensive Program

No legislation inimical to the program was reported.

C. Collateral Legislation

Enacted. A.B. 1856, enacted as Chapter 1079, Laws 1941, amends the existing laws with respect to powers of public utility districts in unincorporated territory.

S.B. 919, enacted as Chapter 484, Laws 1941, amends Section 41B relating to irrigation district assessment rolls.

A.B. 2447, enacted as Chapter 1277, Laws 1941, amends Section 653.16, Civil Code, relating to cooperative corporations; regulates the use of the word "cooperative" in the names of corporations.

A.B. 2336, enacted as Chapter 1216, Laws of 1941, amends Section 653.1 et seq., Civil Code, relating to cooperative corporations.

A.B. 1440, enacted as Chapter 321, Laws 1941, amends the statutes providing for the incorporation and organization of municipal utility districts with reference to boundaries, methods of incorporation, election procedure, subsequent annexation of territory, powers and bonded indebtedness.

A.B. 1805, enacted as Chapter 204, Laws of 1941, permits chattel mortgagors to petition for postponement of sale under power of sale contained in the mortgage or deed of trust.

Failed. H.B. 1649 (S.B. 754), amending the Irrigation District Law to authorize purchase or lease of electric energy from any agency or entity, public or private, and the transmission of such energy to municipalities, corporations, public utility districts or individuals, died in House Committee.

[illegible] - Mental Retardation
Session [illegible] June 24 (13) 1.14

[illegible] FORMS

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] 1976, [illegible] [illegible]
[illegible]

[illegible] 1976, [illegible] [illegible]
[illegible]

A. [illegible] [illegible] 1977, [illegible]
659.16, Civil Code, [illegible] [illegible]
[illegible] the use of the word "[illegible]" in [illegible]
tions.

A.B. 2356, [illegible] [illegible] [illegible]
659.1 et seq., Civil Code, [illegible] [illegible]

[illegible] Chapter 924, [illegible] 1980 [illegible]
[illegible] for the incompetent [illegible]
[illegible] relationship with [illegible] [illegible]
[illegible], electroshock procedure, subsequent [illegible]
[illegible] mental handicapped [illegible].

[illegible] 1976, [illegible] [illegible], [illegible]
[illegible] to restitution [illegible]
[illegible] the field of [illegible].

Hearing: [illegible] 1, 1981 [illegible] Interim Interim [illegible]
[illegible]
[illegible]
[illegible]
[illegible]

S.B. 114, "The Revenue Bond Act of 1941", was introduced again by Senator Garrison and others. Although a determined effort was made to secure passage of the bill, to the extent of the acceptance of several undesirable amendments by the sponsors, the bill failed of passage.

D. 1943 Program

Our corporate borrowers in California are organized under the General Corporation Act. Loans have been made to an irrigation district. Unless the situation changes materially prior to the next session of legislature, there would appear to be no particular need for enactment of the Electric Cooperative Act. No other legislative needs have thus far been reported.

1941 Colorado Legislation - Final Report
Session: January 1 to April 7, 1941

A. Affirmative Program

Model Act. Early in the session, Edward O. Russell, project attorney for Colorado 17 Prowers, member of the House of Representatives, indicated his willingness and desire to introduce the model act. It was introduced as H.B. 154, S.B. 462. Every effort was made to enlist the support of our project people in order to secure passage. However, because of the lack of any pressing immediate need for the bill, it was difficult to generate the enthusiasm and drive required. The potential dangers in the existing statutory structure were pointed out, but these were not sufficient to produce determined and effective support for the bill. In fact, some dissension arose among our borrowers as to certain of its provisions. Notwithstanding our strenuous efforts to secure favorable legislative action, the bill failed of passage. It was not even necessary for the utility company opposition which was encountered to come out in the open. A final attempt by the House sponsor to dislodge the bill from the House Rules Committee failed, the vote going on party lines.

Safety Legislation. Paul C. Lennartz, project attorney for Colorado 29 Phillips, initiated a move for the repeal of Section 48, of Chapter 61, Colorado Statutes. This section relates to wire crossings over rights of ways used by other utilities, and had been used by the telephone companies as a club to force our borrowers to metallicize their lines, although the law did not require it. H.B. 170, providing for the amendment or repeal of the section was introduced by title only. H.B. 170 never came out of the Committee on State Affairs and Reapportionment to which it was referred. However, another bill relating to similar subject matter was enacted containing potentially harmful provisions (see below).

Tax Legislation. Representative Russell, acting on his own initiative, introduced H.B. 11 which would have exempted the property of our borrowers from ad valorem taxation. We were advised by him of the introduction of the bill. This bill was not given effective support; it never came out of the Committee on Finance, Ways and Means.

B. Defensive Legislation

Safety Legislation. When it appeared that repeal of Section 48, of Chapter 61, through passage of H.B. 170, was not feasible,

Representative David Hamil had prepared and introduced H.B. 1162 which amended Section 30, of Chapter 137, being the "Public Utilities Law". This section related to the power of the Public Utilities Commission to make rules to promote public safety, particularly in connection with crossings over the facilities of other public service companies. The amendatory bill added a paragraph providing for compliance with the standards prescribed in the National Electrical Safety Code, 4th Ed., dated December 21, 1926. The language of the amendment was broad enough to include our borrowers. The danger attendant upon passage of this bill was brought to the attention of Representative Hamil, who was a member of the Board of Directors of Colorado 20 Phillips and who apparently worked out the bill in conjunction with the private utility companies. The danger consisted of the possibility that the wide powers granted to the Public Utilities Commission by H.B. 1162 might subject our borrowers to the jurisdiction of the Commission. H.B. 1162 was passed in the House before our forces could be marshalled in opposition thereto. An attempt was made to postpone final Senate action on the bill pending passage of the Electric Cooperative Act which then appeared to have some possibility of passage. The provision for Commission exemption in the model act would have eliminated the dangerous situation brought about by H.B. 1162. Representative Hamil had indicated that he did not believe the bill should be killed, as it might prejudice the passage of the model act. However, H.B. 1162 was enacted into law and became effective on March 7, 1941, while the model act failed of passage.

Electrical Wiring Licensing and Inspection Bills. An attempt to secure passage of S.B. 543, creating a State Electrical Administrative Board with very extensive supervisory powers over the electrical contracting business, and providing also for a licensing system, failed. Similarly S.B. 1161, which would have amended Section 15, of Chapter 97, Colorado Statutes, empowering the Industrial Commission to make regulations as to electrical wiring and apparatus, also failed of passage.

C. Collateral Legislation

The bills listed below were brought to our attention by the Office of Government Reports. Copies of very few of the bills were obtainable because of the Colorado practice of not printing bills until they were reported out of committee. None of the bills listed passed.

Failed. H.B.204, S.B. 249 would have made illegal the charging or collecting of any fees, charges or any levies whatsoever for services or offers of services other than those prescribed or

authorized by franchise.

H.B. 1451 would have prohibited retail merchandising by any public utility company.

S.B. 157, S.B. 159, H.B. 1302 dealt with amendments of the Public Utilities Law. S.B. 157 related to the regulation, supervision and control of the issuance of stocks, bonds, notes and other evidences of indebtedness by public utilities. S.B. 159 provided for the regulation, control and supervision of relations, contracts and transactions between public utilities and affiliated interests, with provision for the approval of such relations, contracts and transactions by the Public Utilities Commission.

H.B. 1240 related to a state franchise tax on public utilities.

H.B. 1403 would have required the licensing of all contractors doing business in Colorado.

S.B. 234 provided for the regulation of membership corporations and unincorporated associations.

S.B. 494 related to non-profit corporations.

D. 1943 Program

Another attempt to secure passage of the Electric Cooperative Act is indicated. Much work preliminary to the convening of the session must be done in order to educate our borrowers as to the necessity and desirability of its enactment, in order to produce the widest support possible for the measure. More effective sponsorship should also be arranged.

On the matter of safety regulations with respect to wire crossings, the experience of our borrowers under H.B. 1162 should be checked. If this law is sought to be applied to our borrowers, accompanied by Public Utilities Commission jurisdiction, specific exemption should be sought for our borrowers. This might be done by amendment of H.B. 1162 or by passage of the commission exemption provision of the Electric Cooperative Act.

The tax experience of our borrowers should be reviewed to determine whether there is need for tax legislation.

1941 Connecticut Legislation - Final Report
Session: January 8 to June 4, 1941

A. Affirmative Program

Model Act. In 1938 an allotment for a Connecticut electric cooperative project was rescinded when it was found that incorporation under existing laws was impossible. Early during the last session, the model act was introduced as part of Governor Robert A. Hurley's legislative program and, largely through his efforts, the bill (Sub. S.B. 512) was enacted into law (Chapter 287, Public Acts of 1941) becoming effective on June 18, 1941.

Jewett Bill. Power company opposition to the Electric Cooperative Act manifested itself quite early. The companies, through friendly Representatives in the House, secured the introduction of H.B. 2639, the Jewett Bill, to serve as a foil against the cooperative electric movement. The bill received House backing as a "face-saving" device for the majority which was politically opposite to the Senate majority which had put the model act through. H.B. 2639 requires that the Public Utilities Commission shall order and direct the electric utilities companies to extend lines in their chartered territory to all unserved areas having density averaging at least two per mile; that in prescribing rates, the Commission shall enforce a guarantee ceiling of $13.50 per mile per month; and that in considering rates, the expenses and revenues of each company should be considered as a whole in determining a fair return. This bill was passed, and went into effect on June 18, 1941 (Chapter 257, Public Acts of 1941).

Electric Membership Corporation Act. The old PWA model Electric Membership Corporation Act providing for the creation of a Connecticut Rural Electrification Authority, and for the conduct of a rural electrification program through electric membership corporations was introduced. As soon as this came to our attention, its demise was arranged.

Holdridge Bill. Sub. H.B. 1748, S.B. 2509 would have provided that any supplier of electric energy to less than ten houses not be considered an electric company if no public highways were used, except for wire crossings which would have to conform to Public Utilities Commission specifications. It is significant merely as additional evidence of interest in rural electrification, did not get beyond the hearing stage.

B. Defensive Program

In the absence of an REA program, there were naturally no bills introduced inimical to the program. Although the Jewett Bill could be considered in this category, its passage could not be opposed as it was necessary for the Senate sponsors of the model act to agree to its enactment in order to secure passage of the model act in the House.

Electrical Licensing Bills. S.B. 1029 (H.B. 2397) regulating electrical installations and requiring examination of journeyman electricians; and S.B. 1108 (H.B. 2476) providing for licensing of electricians, died in the Judiciary Committee.

C. Collateral Legislation

General. Private power and other utility interests were on the defensive throughout the session. A mass of legislation was introduced in both houses aimed at liberalizing utility practice and strengthening government controls.

Enacted. S.B. 513 (H.B. 1963) requiring each public service company, except railroad and express companies subject to I.C.C. jurisdiction, to have an annual comprehensive audit and report of its accounts made by independent accountants satisfactory to the Public Utilities Commission; requiring a copy thereof to be filed with the Commission; placing the burden of proving the reasonableness of rates on the companies; and empowering the Commission to require the companies to establish classifications of service upon certain stated bases was enacted (Chapter 330, Public Acts of 1941).

S.B. 657 (H.B. 2025) amending Section 313e of the 1939 Supplement relating to determination of tax on gross earnings of utility companies was enacted (Chapter 4, Public Acts of 1941).

H.B. 1601 (S.B. 2630), as originally introduced, would have required the public utility companies, in return for their franchise rights, to light trunk line highways through village limits and at intersections in their chartered territories. A substitute bill was enacted (Chapter 165, Public Acts of 1941) directing the highway commissioner to light dangerous intersections at State expense.

Failed. No legislative action was taken following committee hearings on the following bills:

S.B. 514 (H.B. 1964) - "Municipal Ownership Act", providing for acquisition , construction and operation of municipal utility systems; expressly subjects municipal utilities to taxation.

S.B. 515 (H.B. 1965) - requiring public service companies to file any proposed amendment of existing rate schedules with Public Utilities Commission; also requiring notice and public hearing on rate increases.

S.B. 1204 (H.B. 1966) - relating to appeals to Superior Court from orders of Public Utilities Commission; requiring utility companies to pay expense of rate and service litigation out of gross income and not to charge same to consumers.

S.B. 1205 (H.B. 2573) - requiring sealed bids on and award to lowest responsible bidder of work of public service companies involving expenditure of more than $5,000.

S.B. 1207 (H.B. 2575) - establishing uniform accounting methods for public service companies.

S.B. 1208 (H.B. 2576) - permitting Public Utilities Commission on its own motion to conduct summary rate and service investigations.

S.B. 1210 (H.B. 2578) - prohibiting installation or connection charges by public service companies.

S.B. 1211 (H.B. 2579) - defining the powers of the Public Utilities Commission; to be exercised in the public interest.

S.B. 1212 (H.B. 2580) - regulating depreciation rates and practices of public service companies.

H.B. 86 (S.B. 389) - requiring companies selling electric current to furnish consumers with light bulbs at half cost.

Sub.H.B. 1130 (S.B. 2006); Sub. H.B. 1650 (S.B. 2409) - prohibiting sale of appliances by public service companies.

H.B. 1166 (S.B. 2042) - requiring authorization by Superior Court for disposition of any real property of a public service company acquired under eminent domain or for any corporate purposes.

H.B. 1663 (S.B. 2422) - requiring use of tax assessment values for arriving at value for rate determination purposes; and requiring public notice for all hearings.

The following bills also failed of enactment:

S.B. 80 (H.B. 338) - concerning the membership and method of choice of the Public Utilities Commission, providing for their election. The three commissioners are now nominated by the Governor and appointed by the General Assembly. During the last legislative session, Governor Hurley had two nominations. The lower House refused to appoint one of his nominees and another name was submitted and accepted. The bill was favorably reported in the Senate but died on the table.

Sub.S.B. 516 (H.B. 1966) - amending statutes relating to manner of acquisition of utilities. The bill passed the Senate, was recommitted in the House where it was not passed.

S.B. 1209 (H.B. 2577) - requiring the Public Utilities Commission to hold hearings on rates and service in the city, town or borough affected. The bill was favorably reported by committee but was tabled in the Senate.

D. Subsequent Developments

It is important to note that on June 20, two days after approval of the Jewett Bill by the Governor, the Commission, just prior to the replacement of two of its members by the Governor, issued a notice to all public utility companies in the State of Connecticut directing them to appear on July 1st to be heard in connection with a proposed order giving effect to the Jewett Bill. This matter was brought to our attention by Congressman Fitzgerald, of Norwich, and at his suggestion was discussed with Governor Hurley who requested the advice and attendance of a member of the REA legal staff. Conferences were held in Connecticut by a member of the legal staff with the two new appointees to the Commission and with the Governor. As a result thereof, it was arranged that no order be entered by the Commission until REA had an opportunity to survey the unserved rural areas and to determine whether feasible projects could be developed. It was also arranged to make available to the REA surveyors all data of the Commission relating to unserved establishments. The entry of the proposed order would have undoubtedly seriously retarded any efforts in the direction of cooperative rural electrification.

The survey which is being currently conducted has thus far indicated little likelihood of the existence of areas in which feasible projects can be developed. However, even if no project at all is undertaken with REA assistance, the efforts which led to the passage of the Electric Cooperative Act may be claimed to

have produced passage of the Jewett Bill. Any benefits accruing to the farmers of Connecticut therefrom may be claimed jointly by REA and Governor Hurley and his executive advisers.

E. 1943 Program

It is impossible at this time to prognosticate the needs for any legislation during the 1943 session. Future developments will determine them.

1941 Delaware Legislation - Final Report
Session: January 7 to May 2 (3), 1941

A. Affirmative Program

Model Act. Introduction of the Electric Cooperative Act was considered, discussed with project attorney Lawrence C. Elliott, who made a careful survey of the possibilities of passage, and abandoned due to the absence of imperative need for the Act, and also because of a constitutional requirement of a two-thirds vote for enactment of corporation bills which would have presented difficulty.

B. Defensive Program

On June 24, 1941, Elliott reported that he had kept in close touch with several legislators, and had himself checked through the titles of all bills introduced and enacted and was consequently able to report that no bills had been enacted which affect or relate to the program.

C. Collateral Legislation

None reported.

D. 1943 Program

No legislative needs are now known.

1941 Delaware Legislation - Final Report
Session: January 7 to May 2 (3), 1941

A. Affirmative Program

Judicial Act. Introduction of the Electric Cooperative Act was continued, discussed with project attorney Lawrence C. Elliott, in view of a careful survey of the possibilities of passage, and obtained and due to the absence of unanimous need for the Act, and also because of constitutional requirement of a two-thirds vote for amendment of corporation bills which would have prevented difficulty.

B. Defensive Program

On June 24, 1941, Elliott reported that he had kept in close touch with several legislators, and had himself checked through the titles of all bills introduced and searched and found no possibly obl. to report that no bills had been created which affect or relate to the program.

C. Constitutional Legislation

None reported.

D. 1942 Program

It is premature to say for known.

1941 Florida Legislation - Final Report
Session: April 8 to June 6, 1941

A. Affirmative Program

Tax Legislation: An informal organization known as the Statewide Rural Cooperatives Tax Committee, composed in the main of project superintendents, was very active in the tax field during the year preceding the opening of the last legislative session. The support of each candidate for the legislature was sought by the Committee for the tax program, and very effective groundwork was laid. Various members of the legal staff conferred with the Florida people from time to time, and it was determined that a constitutional amendment would be required. Such an amendment was sought through H.J.R. 1173, S.J.R. 555 and H.J.R. 1653. The first draft of these bills sought to secure exemption from all ad valorem taxation of the property of non-profit electric cooperatives for a period of 25 years. In order to secure wider legislative support, the period was reduced to 15 years. Notwithstanding considerable effort on the part of our borrowers, none of these resolutions passed the lower House, although after some effort the legislative representatives of the cooperatives succeeded in having the unfavorable report of the House Committee on Constitutional Amendments rescinded and a favorable report substituted. The companion Senate measure, S.J.R. 555, is reported to have passed the Senate. Supt. J.G. Sparkman, of Florida 16 Sumter, as Chairman of the Tax Committee, conducted the campaign.

Easement Legislation. An attempt was also made to secure passage of H.B. 967, S.B. 411, providing a twelve months' period of limitation on rights of actions against electric cooperatives arising out of easements and rights-of-way. A six months' period of limitation was sought as to any causes of action in existence at the time of the passage of the bill. Both of these bills were unfavorably reported.

Mortgages for Future Advances. Following adjournment of legislature, S.B. 10, providing that any mortgage given by a cooperative association may secure future indebtednesses made within a period of 10 years from the date thereof was brought to our attention. This bill was approved by the Governor and became effective on May 6, 1941, Chapter 20248, Laws of 1941.

A. Affirmative Program

Tax Legislation: An informal organization known as the [illegible] Cooperative Tax Committee, composed in the main of [illegible] supporting members, was very active in the tax field during the [illegible] preceding the meeting of the Joint Legislative [illegible]. The [illegible] report of a candidate for the legislature was sought by the Committee for the tax program, and very effective groundwork was laid. Various members of the legal staff conferred with the Florida people from time to time, and it was determined that a constitutional amendment would be required. Such an amendment was sought through H.J.R. 1177, S.J.R. 555 and H.J.R. 1659. The first draft of the bills sought to assure exemption from all ad valorem taxation of the property of non-profit electric cooperatives for a period of 25 years. In order to assure wider legislative support, the period was reduced to 15 years. Notwithstanding considerable effort on the part of our personnel, none of these measures passed the House, although after some [illegible] of the Legislative representatives of the cooperatives succeeded [illegible] the House Committee [illegible] Assessments recommended and a favorable report submitted. The constitutional amendment, S.J.R. 555, is pending before the Senate. Dept. L.D. Chairman, of Florida [illegible] Chairman of the Tax Committee, conducted the [illegible].

[illegible] Legislation. An attempt was made to assure passage of H.B. 277, [illegible], providing a twelve months' period of limitation [illegible] of actions against electric cooperatives arising out of [illegible] and injury-of-my. A six months' period of limitation was [illegible] in any courses of action in existence at the time of the [illegible] the bill. Both of these bills were unfavorably reported.

Agreements for Future Assistance. Following discussions of legislation, [illegible] the Florida [illegible] mortgage plan in a cooperative association may assume future indebtedness with [illegible] period of 10 years from the [illegible] of [illegible] to [illegible]. This bill was [illegible] by the Governor and became effective on May 6, 1961, [illegible] June of 1961.

B. Defensive

Regulation of Utilities. H.B. 203, providing for the regulation, control and supervision of electric companies by the Railroad Commissioners of the State of Florida, came to the notice of a representative of our legal staff who was in Florida conferring on tax legislation. He arranged with the sponsor of the bill for the addition of a new section specifically exempting electric cooperatives. However, the bill was unfavorably reported in the House and did not pass.

Electrical Licensing and Inspection Law. H.B. 1058, S.B. 407 would have created a State Electrical Administrative Board with jurisdiction over wiring licenses and inspection. Neither bill passed.

Tax Legislation. S.B. 774, which would have taxed the sale of electric light bulbs, also failed of enactment.

C. Collateral Legislation

Enacted. H.B. 596, effective October 1, 1941, relates to eminent domain; makes uniform the pleading, practice and procedure therein.

H.B. 1463, effective June 7, 1941, "Intangible Personal Property Taxation Law of 1941" affects moneys, bank deposits of our borrowers; repeals Chapter 15789, Laws of Florida, 1931.

H.B. 1861, effective June 7, 1941, relates to taxation of tangible personal property.

H.B. 1862, effective June 7, 1941, amends the general laws relating to assessment and collection of taxes on real and personal property.

H.B. 1784, effective June 16, 1941, permits recording by photographic or similar process of any and all instruments by the clerks of the Circuit Courts in all counties of 55,000 to 85,000 population.

S.B. 178, effective June 2, 1941, authorizes the formation of "limited agricultural associations" under informal procedure with very wide powers so far as "applicable to agriculture or live stock in all its phases and the operation incident thereto".

H.B. 801, the "City of Chipley, Florida, Revenue Financing Act of 1941" authorizes the purchase, construction, and operation of an electric light plant and power system, either within or without

the corporate limits; prohibits the pledge of credit or taxing power and authorizes issuance of revenue certificates.

H.B. 1902, authorizing Calhoun County to acquire the necessary land for a power plant and to own and operate the plant and to sell and distribute power, was passed and approved on June 12, 1941.

Failed. H.B. 525, which would have required the establishment of new electric rates outside the city limits of Jacksonville, was withdrawn.

H.B. 1062, which would have authorized counties to establish improvement districts, was unfavorably reported and did not pass.

D. 1943 Program

It appears possible to secure enactment of constitutional amendment providing for tax exemption. The ground-work for the 1943 legislative campaign should be carefully laid. It may well be anticipated that our Florida borrowers will initiate such a campaign.

The question of the necessity of enactment of a limitations statute for easements should be considered. If deemed advisable, a draft of an appropriate bill should be furnished.

It may well be anticipated that the recurring attempt to put gas and electric companies under Commission regulation will be made in 1943. The usual defensive steps should be taken by our borrowers, i.e., the insertion of a section exempting electric cooperatives.

1941 Georgia Legislation - Final Report
Session: January 13 to March 22, 1941

A. Affirmative Program

Tax Legislation. A program for tax legislation was initiated locally and conducted by a committee of project attorneys, superintendents and officers, with J. B. Polhill, Superintendent of 74 Jefferson, acting as chairman. Robert D. Tisinger, attorney for 34 Carroll, served as our chief point of contact. At a meeting held in Atlanta on February 4, some differences arose as to the extent to which tax relief should be sought. Since present assessments in Georgia are on a 10 per cent of construction cost basis, and because of the fact that the Georgia tax situation had been generally cited as a desirable example, our Tax Section recommended that complete exemption not be sought. However, it developed that Senator M. L. Gross (project attorney for 69 Washington) had independently introduced S.R. No.19, providing for a constitutional amendment completely exempting electric cooperatives from taxation, and that the bill had been reported favorably by unanimous vote of the Senate Committee on Constitutional Amendments. The committee thereupon determined to support S.R. No. 19 which subsequently passed both houses of the legislature unanimously, and became law without Governor Talmadge's signature. The resolution, as adopted, provides for amendment of Paragraph 2, Section 2, Article 7 of the Georgia Constitution, expressly exempting from all taxation "all cooperative, non-profit, membership corporations organized under the laws of this state for the purpose of engaging in rural electrification", and all real and personal property of such corporations for a period of 20 years from January 1, 1942. The amendment was favorably voted upon by the electorate on June 3, 1941.

B. Defensive Program

No legislation directly aimed against the rural electrification program came to our attention. H.B. 256 providing for examination for vocation of master electrician was defeated in the House.

C. Collateral Legislation

Enacted. H.B.289 extending the jurisdiction of the Georgia Public Service Commission to the water business was enacted.

1941 Georgia Legislature - Final Report
Session: January 13 to March 22, 1941

A. Affirmative Program

[illegible] Legislation. A program for bar legislation was initiated [illegible] by a committee of project attorneys, supervised [illegible] with A. F. Pohlhill, Supervising Attorney [illegible] Robert D. Talmager, attorney [illegible] as chairman. [illegible] Carroll, served as our chief point of contact. As a [illegible] in February 4, some differences arose [illegible] tax relief should be sought. Since [illegible] which the Georgia Public [illegible] are on a 10 per cent of constitutional [illegible] of the fact that the Georgia tax [illegible] generally cited as a desirable example, we [illegible] recommended that a complete exemption not be sought. [illegible] developed that Section 4. L. Gross (project attorney for 59 Washington) and independently introduced S.B. No.19, [illegible] constitutional amendment could fully [illegible] provisions for [illegible] and then the bill had [illegible] unanimously [illegible] by unanimous vote of the Senate Committee on [illegible] and Authority. The committee amendment passed both houses of [illegible] unanimously. It became law [illegible] Governor [illegible] Thus a solution [illegible] provides for [illegible] Section 2, Article V of the Georgia [illegible] Only [illegible] from all taxation [illegible] contracts [illegible] organized under [illegible] Section [illegible] amount of [illegible] in rural [illegible] and personal property of such [illegible] Act of 20 [illegible] January 1, 1942. [illegible] upon [illegible] elections on [illegible] June 3, 1941.

B. Defensive Program

No legislation [illegible] that the usual indefinitely postponed [illegible] H.B. 236 providing for [illegible] tax on [illegible] relation was defeated in the House [illegible] of [illegible] 1 [illegible]

C. Unfavorable Legislation

Enacted. [illegible] 289 [illegible] the jurisdiction [illegible] Georgia Public [illegible] Commission [illegible] by the [illegible] Railroad [illegible] enacted.

S.B. 59, approved March 6, 1941, amends existing law relating to ownership and possession of explosives and issuance of licenses therefor.

S.B. 162, approved March 27, 1941, extends the authorization contained in Acts 1939, p. 354, permitting use of photostatic or other photographic equipment in recording of chattel mortgages or other personal property contracts in counties of more than 200,000, to security instruments relating to real estate.

Failed. H.B. 612, governing tax returns by public utility companies to the State Revenue Commissioners, and S.B. 52 amending Chapter 93-3 of the Georgia Code, relating to the jurisdiction, powers and duties of the Public Service Commission both died in committee. (Georgia electric cooperatives are exempted by statute from Commission jurisdiction).

D. 1943 Program

While our borrowers are operating under the 1937 Electric Membership Corporation Act, as amended in 1939, there appears to be no pressing need for revision or replacement by the later model act.

S.B. 39, approved March 6, 1941, amends existing law relating to operating rules; issuance of explosives and licenses of blasters; and other matters.

H.B. 162, approved March 27, 1941, amends the unemployment compensation law of 1937, p. 358, prohibiting use of photostatic or other photographic equipment in recording of employed contributions or payroll records in counties in excess of 300,000, to security instruments relating to real estate.

Failed. H.B. 612, governing tax returns by public utility companies to the State Revenue Commissioners, and S.B. 72 amending Chapter 93-3 of the Georgia Code, relating to the jurisdictions, powers and duties of the Public Service Commission both died in committee. (Georgia electric cooperatives are exempted by statute from Commission jurisdiction).

D. 1943 Program

While our investors are operating under the 1937 Electric Membership Corporation Act, as amended in 1939, there appears to be no pressing need for revision or replacement by the latter model act.

1941 Idaho Legislation - Final Report
Session: January 9 to March 10, 1941

A. Affirmative Program

Model Act. Our Idaho borrowers are organized under the general Non-Profit Cooperative Associations Act which contains many inapplicable provisions. A provision thereof which requires the vote of a majority of the total membership to amend bylaws has furnished difficulty. An attempt was made to secure local support for the enactment of the Electric Cooperative Act. However, our Idaho legislative managers advised against its introduction because of its possible adverse affect on the tax legislation program. The model act was not introduced.

Tax Legislation. A campaign for legislative tax exemption was initiated by our borrowers late in 1940. Wilbur L. Campbell, of Grangeville, attorney for 15 Idaho, was designated legislative representative. Companion bills (S.B. 70, H.B. 320), amending section 61-105, Idaho Code Ann., to exempt property of non-profit rural electric cooperatives operating outside of municipalities upon payment of an annual fee of $10. per hundred members, were introduced. The Senate bill was indefinitely postponed by a vote of 21 to 19. With the assistance of a member of the REA legal staff, a new bill was drafted limiting assessments to $50. per mile. This bill passed the House but the legislature adjourned before the Senate took action. The tax legislation is reported to have been opposed by the utilities and also along political lines; its defeat may be attributed to these factors.

B. Defensive Program

No legislation directly aimed against the rural electrification program came to our attention .

C. Collateral Legislation

Enacted. Section 61-2205, Idaho Code Annotated, which exempts from taxation electric energy used for pumping water for irrigation purposes was amended by S.B. 66 (Chapter 41, 1941 Session Laws) to extend the exemption to energy used for drainage purposes. It is reported that none of our Idaho borrowers now supply energy for irrigation or drainage purposes. Should they go into this field, difficulty may be encountered in securing exemption under this act.

Final Idaho Legislation - Final Report
Session: January 9 to March 10, 1961

A. Affirmative Program

Model Act. The Idaho Borrowers are organized under the general authority of Corporation Account Business Act which contains many inadequacies and provisions. A revolving charge which requires the voting of a majority of the total membership in annual meetings has furnished difficulty. An attempt was made to secure local support for the enactment of the Idaho Cooperative Act. However, our Idaho Legislative program advised against the introduction because of its possible adverse effect on the tax legislation program. The model act was not introduced.

Tax Legislation. A comprehensive tax legislative tax exemption was initiated by our borrowers in 1960. Milton L. Campbell, of Twin Falls, attorney for 15 Idaho, was designated legislative representative. Corporation bills (S.B. 70, H.B. 320), amending section 61-103, Idaho Code Ann., to exempt property of non-profit rural utility cooperatives operating under of rural utilities upon payment of annual fee of $10. per hundred in revenue, were introduced. The S.B. 70 bill was indefinitely postponed by a vote of 23 to 17. With the exception of [illegible] of the REA legal staff, [illegible] bill was defeated limiting assessments to 10% per [illegible]. The bill passed the House but the Legislature adjourned before the Senate took action. The tax legislation is [illegible] to be [illegible] by the utilities and also along [illegible] lines; its fate may be determined by the Idaho Legislature.

B. Defensive Program

No legislation was introduced to repeal the rural electrification program or to [illegible] it.

C. Conflict and Legislation

Enacted. Section 61-2202, Idaho Code Ann. ted, which exempts from [illegible] property used for pumping water for irrigation purposes was enacted by S.B. 86 (Chapter [illegible], 1961 Session Laws) to exclude the exemption of energy used for dairying purposes. It is [illegible] that our Idaho borrowers now supply energy for [illegible] purposes. Should they [illegible] this [illegible] [illegible] to assessment in accordance under this act.

H.B.27, effective March 14, 1941, amends existing general laws relating to equalization of assessments, tax notices and tax receipts.

H.B. 36, approved February 5, 1941 amends existing laws relating to definition of "gross income" and tax exemptions thereon. This definition was further amended by H.B. 294, effective March 7, 1941.

H.B. 308, approved March 15, 1941, amends the Income Tax Law with reference to definition of "net loss", "net income of individuals" and with reference to deductions allowed individuals.

H.B. 206, "Public Works Contractors' License Act", effective March 10, 1941, defines and regulates "public works contractors"; repeals Chapter 188, Session Laws of 1933.

H.B. 203, effective March 10, 1941, amends Section 54-811 Idaho Code Ann. to provide that recording of conveyances of real property shall operate as constructive notice as to after-acquired interest in the property.

Failed. S.B. 100, which would have exempted from taxation property used for generating and delivering electric power to the extent that such power was used for furnishing power to farms outside of incorporated cities and villages under regulations prescribed by the Public Utilities Commission, was still in committee at adjournment.

S.B. 76, relating to the establishment of public utility districts and making provision with respect to water power sites and other natural resources, was indefinitely postponed in the Senate.

H.J.R. 3, proposing a constitutional amendment removing all limitations on public ownership, acquisition and operation of electric systems by counties, cities and towns, failed to pass in the House.

D. 1943 Program

Enactment of the Electric Cooperative Act should be attempted if adequate support can be enlisted. The question of tax exemption should be carefully reconsidered in the light of the intervening tax experience of our borrowers. The State Board of Equalization, on the advice of the Attorney-General that it had no jurisdiction, acted in December 1940 to vacate an order for assessment of the cooperatives by the Board. What the county assessors do remains to be seen; their action will undoubtedly direct the course of the tax legislation program.

1941 Illinois Legislation - Final Report
Session: January 8 to July 1, 1941

A. Affirmative Program

Amendatory Legislation. Our borrowers in Illinois are organized under the Corporations Not For Profit Law. No need for enactment of the Electric Cooperative Act was reported. However, amendment of the existing act was suggested with respect to the requirement that certificates of incorporation be amended in order to change the number of directors. On the advice of our borrowers' representatives, no amendatory bill was introduced.

Refiling of Chattel Mortgages. Our Loan Section urged amending the present statutes requiring refiling of chattel mortgages every four years. As to this proposal too, we were unable to enlist local support.

B. Defensive Program

No legislation inimical to the rural electrification program has come to our attention. A check has been made of the enactments of the last legislature.

C. Collateral Legislation

Enacted. H.B. 545, approved June 28, 1941, continues the 3% gross receipts tax on the sale of electricity for consumption until July 1, 1943, after which date the rate becomes 2%. The tax is for the emergency relief fund.

H.B. 927, approved July 17, 1941, adds a new section, 11b, to "An Act in regard to limitations", approved April 4, 1872, which provides that the liens of mortgages shall cease by limitation after 20 years from the time the last payment thereon becomes due, or thirty years from the date thereof if no due date appears thereon. Provision is made for extension of the lien for further periods by affirmative action.

H.B. 398, approved July 2, 1941, provides for the regulation of cold storage plants for food in individual lockers. The act imposes license requirements and sets up certain construction and maintenance standards. H.B. 397, approved July 2, 1941, and H.B. 686, approved July 12, 1941, amend the existing statutes regulating cold storage plants other than those covered by H.B. 398.

H.B. 279, "The Illinois Professional Engineering Act", effective August 1, 1941, regulates the practice of professional engineering through the Department of Regulation and Education.

S.B. 679, approved July 22, 1941, amends the plumbing licensing law of 1935 with respect to the conduct of examinations of applicants for licenses, and with respect to renewals.

Failed. S.B. 279, H.B. 478 would have prohibited public utilities from discriminating in employment because of race, creed or color.

S.B. 538, relating to the assessment of the property of utility companies and collection of taxes on same, did not pass.

H.B. 715, authorizing cities, villages and incorporated towns of less than 500,000 inhabitants, without referendum, to issue refunding bonds payable solely from revenues of municipally owned electric light plants and systems, passed the House but failed of passage in the Senate.

D. 1943 Program

The need for amendment of existing statutory requirements relative to refiling of chattel mortgages will undoubtedly continue. Appropriate legislation should be drafted and introduced if adequate local sponsorship can be secured. Reexamination of our borrowers' operations to determine the need for introduction of the model act should be made.

1941 Indiana Legislation - Final Report
Session: January 9 to March 10, 1941

A. Affirmative Program

Amendatory Legislation. An attempt was made to secure support for amendment of the Rural Electric Membership Corporation Act of 1935 to liberalize section 4(b) which requires that territorial description be contained in the articles of incorporation which may be amended only by the membership. It was proposed to provide either for more general description of the territory or to permit amendment by vote of the directors. A field conference with borrowers' representatives failed to develop adequate support, largely because of fear of opening the Act up to attack by a potentially unfriendly legislature.

B. Defensive Program

Amendatory Legislation. Notwithstanding our borrowers' reluctance to seek amendment of the Electric Membership Corporation Act, an attempt was made by private utility interests to secure an amendment permitting extensions of not more than one mile by private power companies in territories covered by cooperative certificates (H.B. 288). This bill was successfully opposed by our borrowers, the defensive effort being coordinated through the Indiana Statewide Rural Electric Cooperative, Inc.

Electrical Licensing Bill. H.B. 580, an electrical licensing bill, failed to pass.

Electric Meter Bills. H.B. 371, providing for meter licenses, and H.B. 551, requiring registration of meters, did not pass.

Meter Deposits. H.B. 370, regulating meter deposits, was defeated.

C. Collateral Legislation

Enacted. The Indiana legislature re-passed over Governor Henry F. Schricker's veto, H.B. 4 (Chapter 101, 1941 Laws), a "ripper bill" reorganizing the Public Service Commission. Reorganization has been temporarily enjoined in a court test of the statute. If the Act is sustained, it will mean the appointment of a new Commission, the majority of which will be politically opposite to the Governor. Aside from the possible change in personnel, the present

[illegible]

[illegible]

A. [illegible]

[illegible]

B. Delivery Income

[illegible]

C. [illegible]

jurisdiction of the Commission over cooperatives is not affected.

Failed. The legislature also considered H.B. 251, amending section 26-620 of Burns Annotated Statutes (Acts 1935, ch. 7 § 1, p. 59) by eliminating paragraph 5 which was added by amendment in 1935. Paragraph 5 permitted county commissioners to grant licenses, permits or franchises with respect to the use of county property, but required that public service commission consent be obtained, after public hearing on the question of public necessity and convenience, and before making a grant to a utility if another utility is already furnishing the same service. The bill was favorably reported but did not pass.

D. 1943 Program

The necessity for amendment of the Rural Electric Membership Corporation Act with respect to territorial restrictions remains. If the local situation permits, elimination of the provisions for public service commission jurisdiction should be sought. The tax situation should also be considered.

1941 Iowa Legislation - Final Report
Session: January 13 to April 12, 1941

A. Affirmative Program

Tax Legislation. Our Iowa borrowers organized in 1940, raised a fund for legislative purposes, and held several statewide meetings for the purpose of considering and fostering tax legislation. Although their properties had not been previously assessed, the State Tax Commission issued instructions to local assessors to assess the value of the interest of the members of the cooperatives as real estate, under Section 7102, Iowa Code (1935). S.F. 79 and H.F. 113, companion bills providing a one per cent gross receipts tax upon all wholesale and retail sales of electric energy, in lieu of all other taxes except the Retail Sales Tax, Gasoline Tax, and motor vehicle license fees, were introduced. The bills met with very active opposition, particularly from the private power companies. S.F. 79 was amended in the Senate to provide for complete exemption in 1941 and 1942 as follows:

> "Section 1. All cooperative corporations and associations organized and existing or hereafter organized and established not for profit under the laws of Iowa or similar laws of other states and engaged solely in the furnishing of electric energy to farms, farm establishments and rural churches, rural schools, rural business establishments and unincorporated villages where high line service is not otherwise available in Iowa and the value of the interests of members in such cooperative corporation or association shall be exempt from the taxation provided for in Chapter 340 of the Code of 1939, for the calendar years 1941 and 1942.
>
> Sec. 2. From and after January 1, 1943, such corporations shall be taxed as provided in Chapter 340 of the Code of 1939."

This bill was finally enacted, being signed by the Governor on April 3, 1941 to become effective on July 4, 1941. It must be recognized that this exemption may not apply to cooperatives furnishing electric energy to others than those specifically listed in Section 1 and to generating cooperatives.

The fight for tax legislation was led by Senator Vrba, who worked closely with the Iowa State REA Tax Committee, of which Mr. O. J. Grau, of Storm Lake, Iowa was Chairman.

[illegible]

Amendatory Legislation. Amendments to the Cooperative Associations Law, particularly Sections 8512.40 and 8512.41, relating to articles of incorporation, were considered but not pursued, because of their relative unimportance.

B. Defensive Program

No legislation aimed directly at the rural electrification program came to our attention.

C. Collateral Legislation

Enacted. On the basis of information received from Wisdom & Wisdom, project counsel, the following bills are reported to have been enacted:

S.F. 165 - provides for assessment of property at 60% of actual value. This will immediately affect our borrowers' generating property (47G Franklin and 48G Pocahontas); and in 1943 will affect all of our borrowers. At present the requirement is that property be assessed at actual value. It is reported that utility properties are now actually being assessed at less than 60% of actual value. The bill became effective on February 13, 1941. It is of general application.

S.F. 475 and S.F.535 - amend State Social Security Act.

S.F. 240 - amends section 6982.1 and 6982.2 of the 1939 Code relating to the time for filing returns by utility companies. This represents purely a procedural change and will affect only Iowa 47G Franklin and Iowa 48G Pocahontas.

H.F. 557 - regulates load on motor vehicles; may affect mobile generating units. However, maximum load per wheel and of the entire vehicle is increased.

H.F. 387 - provides for regulation by state fire marshal of design and operation of equipment for storing, handling, transporting by tank truck or trailer, and utilizing liquified petroleum gases.

S.F. 469 - regulates the business of distributing liquified gas.

Failed. The following bills were introduced but failed of passage:

S.F. 466 and H.F. 429 (companion bills) - would have subjected to taxation municipal utility works and distribution systems. No action was ever taken by the Senate Public Utilities Committee on S.F. 466.

The House Public Utilities Committee recommended H.F. 429 for passage but it was never brought up before the House for consideration.

S.F. 307 - would have given incorporated cities and towns power to regulate electricians and electrical contractors and to provide for their examination. Never acted upon by the Senate.

H.F. 279 - would have permitted cities and towns to grant utility franchises to other municipal corporations. Bill died in committee.

H.F. 390 - would have provided a tax of one-fourth cent per gallon on fuel oil brought into the State by pipe-lines. It might have affected our borrowers who operate generating plants. Recommended for passage by the House Ways and Means Committee but no further action taken.

H.F. 416 - would have stricken statutory provision permitting moving for a distance of not more than 25 miles vehicles exceeding statutory size and weight limits. Died in committee.

D. 1943 Program

The terminology of S.F. 79 presents certain problems of interpretation which should be carefully considered and worked out administratively at once.

Our borrowers very definitely face an ad valorem tax problem in 1943. We are advised in the field that inimical interests will attack the program on the tax front. We should prepare to meet the problem presented by the provision in S.F. 79 subjecting our borrowers to taxation under Chapter 340 in 1943 and determine, well in advance of the legislative session, whether continued exemption or other relief is required. Full advantage should be taken of the two year moratorium by developing new projects as quickly as possible so that they may enjoy the benefit of exemption in the early stage.

The experience of our borrowers under the present Cooperative Association Law must be closely followed to enable us to determine the necessity of seeking amendatory legislation or enactment of the Electric Cooperative Act.

[illegible] - [illegible] Gerald [illegible] [illegible] [illegible]

1941 Maine Legislation - Final Report
Session: January 1 to April 26, 1941

A. Affirmative Program

Model Act. Our borrowers in Maine are incorporated under Chapter 68 of the Revised Statutes of Maine, 1930. The Electric Cooperative Act (L.D. 137, H.P. 350) was introduced as the "Cooperative Enabling Act" in the Maine legislature under the sponsorship of our borrowers and the State Grange. Opposition by the power companies was strong and typical of the utility opposition generally in New England. A concerted effort was made to create a general power fight, with the model act as the basis therefor. The model act was finally enacted after amendment in the Senate by the inclusion of a provision in section 24 favoring the utilities and stating that "except with the consent of the Public Utilities Commission, no premises shall receive service from a cooperative if such premises . . . are situated on those portions of roads or highways along which the distribution lines of an existing utility are located." The Commission has no jurisdiction as to cooperatives proposing to operate outside the franchise territory of existing public utilities; however, cooperatives may operate within such franchise territory only by: (1) obtaining consent from the Public Utilities Commission, or (2) by obtaining consent from the utility, or (3) by showing, if challenged, that there has been a representative demand for service and refusal or neglect on the part of the utility. This enactment is Chapter 281 of the Public Laws of 1941, effective 90 days after adjournment which took place on April 26, 1941. Members of the legal staff were present in Maine during the legislative hearings and debates.

B. Defensive Program

Telephone Interference. L.D. 640, S.P. 406, a bill relating to inductive interference and providing authority for the Public Utilities Commission to grant locations for placement of wires for transmission of electricity was successfully opposed by our borrowers. Action on the measure was indefinitely postponed.

Tax Legislation. L.D. 606, H.P. 1472, a bill imposing an excise tax on electricity was defeated in the Committee on Taxation.

[illegible] - [illegible]
[illegible] January 1 to April 24, [illegible]

A. [illegible]

[illegible]

B. [illegible]

[illegible]

C. Collateral Legislation

Enacted. Four bills relating to production and distribution of electric energy were enacted. L.D. 1037, S.P. 510 (L.D.227, S.P. 165), creating the Caribou Utilities District; L.D. 989, S.P. 478 (L.D. 564, S.P.271), enabling the plantation of Magalloway to produce and distribute electricity within its territorial limits; L.D. 990, S.P. 477 (L.D. 565, S.P.272), enabling the town of Upton to produce and distribute electricity within its territorial limits; and L.D. 991, S.P. 479 (L.D. 566, S.P. 273), enabling the plantation of Lincoln to produce and distribute electricity within its territorial limits, all became effective on June 24, 1941.

Failed. L.D. 582, H.P. 1461, an act enabling cities, towns and organized plantations to produce and distribute electricity within their territorial limits was withdrawn by its sponsors.

D. 1943 Program

Section 24 of the model act, as enacted, should be amended. A legislative program should be sponsored at the next session seeking to eliminate all restrictive provisions of this section. The show of strength which was exhibited by the cooperatives at the session just concluded warrants a continuance of the legislative program. The campaign should be conducted in a manner similar to the 1941 program; with proper organization it should be successful.

1941 Maryland Legislation - Final Report
Session: January 1 to March 31, 1941

A. Affirmative Program

Model Act. Our Maryland borrowers are organized under the Cooperative Associations Act. Difficulties encountered in the past in operating under this Act, particularly in connection with Public Service Commission jurisdiction, motivated previous unsuccessful attempts to secure passage of the model act. The Act was finally introduced during the 1941 session as H.B. 712 under the sponsorship of some 27 representatives. Opposition of the Public Service Commission and of the private power companies was immediately encountered. After a long, hard fight the bill was enacted as Chapter 907, Laws 1941, effective June 1, 1941. Attempts to emasculate certain provisions of the bill were successfully resisted. Although exemption from Public Service Commission jurisdiction is not provided for, the act, as adopted, contains an effective preemptory provision. After considerable effort, Governor O'Connor's approval was obtained on May 21, 1941.

Amendatory Legislation. H.B. 262, amending Section 440, of Article 23, the Cooperative Associations Act, relating to amendment of bylaws, failed of passage. The bill would have eliminated the requirement of a majority vote for amendment and substituted therefor a requirement of a majority vote of those present.

Tax Legislation. H.B. 149, exempting all property owned by Choptank Cooperative, Inc. located in certain named counties, was enacted but vetoed by Governor O'Connor. The veto is reported to have been on the basis that H.B. 149 was unnecessary in view of the provisions of H.B. 712. It occurred too late in the session for the rural electrification forces in the legislature to override. No provision is made for tax exemption of any sort in H.B. 712.

B. Defensive Program

No bills directly inimical to the rural electrification program were reported and none were passed.

C. Collateral Legislation

Enacted. H.B. 419, effective June 1, 1941, as Chapter 732, Laws of 1941, revises Section 372 of Article 23, Ann. Code (1939 Ed.)

authorizing the Public Service Commission to order temporary rate increases or decreases, upon due notice and hearing, by public service corporations; defines "public service corporation" to include "electrical corporation" and "any individual, firm, . . . or other corporation owning and operating any business or rendering any service, the rates, fares, charges, or tariffs of which are subject, by the terms of this sub-title, to the regulation and control of the Commission".

H.B. 187, effective June 1, 1941 as Chapter 774, Laws 1941, amends existing statutory provisions with respect to cold storage of food products in locker plants.

H.B. 117, the "Explosives Act", effective April 28, 1941 as Chapter 899, Laws 1941, provides for the licensing of the manufacture, sale and possession of explosives.

H.B. 517, effective June 1, 1941, enacts as Chapter 893, Laws 1941, an electrical licensing bill for Harford County which effectively concentrates wiring installation business in the hands of "Master Electricians". A majority of the Board of Electrical Examiners is controlled by the Harford County Electrical Contractors' Association.

H.B. 668, effective May 6, 1941 as Chapter 930, Laws 1941, amends Public Local Laws of Maryland (1920 Ed.) by adding provisions authorizing the Mayor and Council of Crisfield to acquire, construct and operate a municipal electric light and power system, and to issue revenue bonds in connection therewith, all powers to be exercised subject to the approval of the Public Service Commission and of the electorate in referendum.

Failed. H.B. 667 would have amended certain sections of Article 81, Ann. Code (1939 Ed.), would have repealed certain other sections and added new sections, all relating to the taxation of public utilities.

D. 1943 Program

Since the Maryland cooperatives will have undoubtedly been converted into electric cooperatives under the new Act, prior to the convening of the 1943 session, the experience of our borrowers under the Act should be checked to determine whether there is any need for further legislation.

The application to our borrowers' activities of the local electrical licensing laws which were enacted at the 1939 and 1941 sessions should also be considered.

For the first time our Maryland borrowers will be subject to ad valorem taxes. Experience in this field should be checked to determine whether any special tax treatment should be sought from the 1943 legislature.

1941 Massachusetts Legislation - Final Report
Session: January 1 on (still in session)

A. Affirmative Program

Model Act. The Electric Cooperative Act was introduced in the Massachusetts legislature at the 1941 session and was referred to and heard by the Committee on Joint Rules on the question of "late entry", the time for filing bills having expired. The House Committee voted in favor of admission but the Senate Committee refused to concur. Christian A. Herter, Speaker of the House, drafted a bill which would amend the existing cooperative statute in order to permit rural electric cooperatives to organize and function thereunder. Although it provided that the cooperatives be subject to the jurisdiction of the Department of Public Utilities, it was felt that its enactment would be desirable as a point of entry for the cooperative electrification program. Speaker Herter led a long fight in the Committee for adoption of his bill but it was finally withdrawn in order that a bitter partisan controversy might be avoided. The House Committee was favorable to the Herter bill, but the Senate Committee refused to concur. The bill faced certain defeat in the Senate if the proponents had taken it to the floor. The bill was withdrawn on June 9th. It is significant that the prospects of organization under the existing statutes in Massachusetts have materially improved. The probability exists that the Massachusetts Department of Public Utilities may approve a set-up for REA extensions in that state which will be satisfactory.

B. Defensive Program

No report necessary.

C. Collateral Legislation

No report necessary.

D. 1943 Program

The model act should be introduced at the 1943 session and efforts should be directed toward developing proper sponsorship. The rural friends of the program, if properly organized, can, with the aid of the friends of the program in both branches of the legislature, put this bill across. A continuing campaign by the Information Division in order to acquaint the people of Massachusetts thoroughly with the purpose of the REA program should be conducted.

[illegible]

[illegible]

[illegible]

During the 1941 session an apathy existed which was the result of the inactivity in that state since the Tri-County Company's petition was denied. The 1941 legislative campaign was, to a degree, educational with every possible effort directed toward obtaining favorable publicity for our program. Many of the leaders of the State Government have been under a serious misapprehension as to the REA objectives and mode of operation. This is gradually being corrected but there should be no relaxation of effort in this state. The program is necessarily one of long range.

1941 Michigan Legislation - Final Report
Session: January 1 to May 27 (July 9) 1941*

A. Affirmative Program

Model Act. Our Michigan borrowers are organized as non-profit corporations. An attempt in 1937 to secure enactment of the model act was unsuccessful. Although the 1939 legislature enacted a law putting our borrowers under Commission jurisdiction, such jurisdiction has not yet been assumed. Introduction of the model act in the last session was considered, but no action taken because of the small possibility of securing passage.

Amendatory Legislation.** Some difficulty has been experienced in connection with quorum requirements under the Non-Profit Corporation Law, which permits the directors to amend bylaws. However, Section 10135-38 provides that a majority of shares shall constitute a quorum unless otherwise provided by law or in the articles or in any bylaw adopted by the shareholders. The bylaws of some of the Michigan projects require that 20% of the members present in person shall constitute a quorum. Compliance with this requirement, with the growth of the projects, has become increasingly difficult. The difficulty would have been solved by eliminating the statutory provision that bylaws relating to quorum requirements be adopted by the shareholders. However, it was determined not to seek such amendment in view of the fact that the problem could be solved, where the need was great, by amendment of articles.

Tax Legislation. There was some agitation for relief from ad valorem tax assessments. However, since the assessments had been fairly reasonable, the movement did not gain much headway. At a meeting of the Michigan Association of REA Cooperatives held at Grand Rapids on April 26, 1941, a tax committee, composed of attorneys present, reported that it was inadvisable at that time to sponsor any remedial tax legislation.

B. Defensive Legislation

Electrical Wiring Licensing and Inspection Law. Prior to the convening of the 1941 legislature, the Michigan State Electrical Inspection Law Committee prepared a draft of an electrical licensing and inspection law for introduction in the legislature. Shortly after the opening of the session, the chairman of this committee transmitted to us a copy of H.B. 15 sponsored by the Wolverine State Electrical Contractors' Association, and indicated that a

* Recessed until October 9, 1941
** See B. Defensive Legislation

bill sponsored by his committee would also be introduced. Such a bill was introduced, being H.B. 127. Both of these bills contained the usual objectionable provisions. They were brought to the attention of our borrowers who took appropriate steps to indicate their opposition to the bills to their legislators. Both bills failed of passage, neither bill being reported out of the Committee on State Affairs. A third bill, H.B. 302 which would have required inspection of electrical wiring prior to energization by the power or utility company furnishing electrical energy, also died in committee. This bill would have permitted inspection to be made under any city or village ordinance, or by any recognized insurance inspection bureau.

Amendatory Legislation. Following the July 9 recess of the legislature, S.B. 422 was brought to our attention. This bill, approved June 17, 1941 and effective 90 days thereafter, as Public Act No. 327, Acts 1941, amended nine sections (98-9, 101, 103-6, 108-9, Act No. 327, P.A. 1931) of the corporation law with reference to cooperative associations, and one section (117) relating to corporations not for pecuniary profit. Section 117 is the section under which our Michigan borrowers are organized. The amendment which was enacted apparently prohibits future organization of our borrowers as non-profit corporations. It will probably be necessary to organize under the amended cooperative corporation provisions. It should be noted that because of the recess of the Michigan legislature until October 9, 1941, there is some doubt as to the effective date of the amendment.

C. Collateral Legislation

Certain bills, of collateral interest to the program, were brought to our attention. We arranged to follow the course of these bills, as well as the bills above referred to, through Stanley M. Powell, legislative counsel for the Michigan State Farm Bureau, who was very cooperative. An independent check, following the July 9 recess, of the enactments as they appear in legislative advance sheets, also disclosedcertain bills were enacted.

Enacted. S.B. 379, effective June 16, 1941, as P.A. No. 324, Acts 1941, amends the general laws with respect to assessment and levy and collection of taxes.

S.B. 445, approved June 19, 1941, P.A. No. 355, Acts 1941, regulates the maintenance and operation of frozen food locker plants.

S.B. 395 and S.B. 396, both approved June 16, 1941 as P.A. Nos. 241 and 242, respectively, Acts 1941, amend existing rural zoning laws relating to the requirement that township and county boards of supervisors, respectively, give public utilities notice of public hearings on regulations.

Failed. S.B. 34, H.B. 227 would have amended the corporation law to empower cooperative corporations to conduct the business of manufacturing, purchasing, distributing and/or selling to its members electrical energy or to conduct any other lawful business on the cooperative plan. These bills died in Committee.

H.B. 488 would have modified the corporate tax structure and procedure. Under Section 3, corporations organized not for profit would have been exempted from taxation under this bill. The bill died in the House Committee on General Taxation.

H.B. 265 would have amended the 1939 revenue bond act to permit counties, cities, districts, etc. to acquire and construct electrical facilities for supplying light, heat and electricity, and to issue revenue bonds therefor. This bill died in the Senate Committee on Metropolitan Affairs.

H.B. 425 would have amended the metropolitan district act of 1939 to permit the creation of metropolitan districts for the purpose of supplying electricity, among their other powers. This bill died in the House Committee on Public Utilities.

H.B. 189 would have extended the jurisdiction of the Michigan Public Service Commission over municipally owned agencies furnishing certain utility services without their corporate limits.

D. 1943 Program

The effect of P.A. No. 327 is now being considered. Final determination with respect to future organization of our Michigan borrowers may disclose the need for further amendment of the corporation laws, or for the introduction of the model act.

The situation with respect to tax assessments should be carefully reviewed prior to the convening of the 1943 session.

Failed. S.B. 34, H.B. 127 would have amended the cooperative [illegible] law to empower cooperative [illegible] corporations to conduct [illegible] business of manufacturing, [illegible], distributing and/or selling [illegible] electrical energy [illegible] any other [illegible] on a cooperative plan. These bills died in Committee.

H.B. 127 [illegible] have modified the corporate tax statute and provide that [illegible] Section 9, corporations organized not for profit would be [illegible] exempt from taxation [illegible] this bill. The bill died in the House [illegible] Committee.

H.B. 265 would have amended the 1939 [illegible] to permit counties, cities, districts, etc. to acquire and construct electrical facilities for supplying light, heat [illegible] electricity, and to issue revenue bonds therefor. This bill died in the House Committee on Metropolitan Affairs.

H.B. 129 would have amended the Metropolitan District Act of 1939 to permit the provision of metropolitan districts for [illegible] supplying [illegible] electricity [illegible]. This bill died in the House Committee on Public Utilities.

H.B. 129 [illegible] have extended the jurisdiction of the [illegible] commission over municipally owned [illegible] utility services [illegible] the corporate limits.

D. 1943 Program

[illegible] effect of H.B. No. 429 [illegible]. This [illegible] amendment [illegible] towns may [illegible] of the [illegible] corporation [illegible].

[illegible] that [illegible] as [illegible] should be carefully reviewed [illegible] the convening of the 1943 session.

1941 Minnesota Legislation - Final Report
Session: January 7 to April 24(30) 1941

A. Affirmative Program

Model Act. At a statewide meeting at St. Paul on December 17, 1940, attended by representatives of 12 Minnesota borrowers, the Minnesota Electric Cooperative was organized to succeed the Minnesota Rural Electrification Association. A member of our legal staff was present and urged consideration of the introduction of the Electric Cooperative Act or of certain amendatory legislation relating to the contents of the articles of incorporation, publication thereof, and to the quorum requirements for amendment of by-laws. No action was taken at that time because of the fact that organization had not been perfected. At the January 6, 1941 meeting a legislative committee was appointed and a legislative program initiated. Introduction of the model act was not included in the program, due perhaps to the contemplated revision of the general cooperative association law.

Amendatory Legislation. The joint effort of all Minnesota cooperatives was enlisted behind H.F. 813 (S.F. 229) a bill amending Chapter 326 of the 1923 Laws, the general cooperative association law, in many particulars. H.F. 813 passed both Houses and was signed by the Governor on April 28, 1941 (Chapter 114, Laws 1941). The more important changes effected are: elimination of requirement that debt limit be stated in articles of incorporation; requirement that articles set forth plan of organization; the business practices simplified; elimination of requirements that individual ownership of capital stock not exceed $1,000 and that interest paid on outstanding capital stock not exceed 6%; duration changed from 30 to 50 years with provision for renewal; elimination of requirement of approval of by-laws by the Attorney General, and of requirement of publication of articles; cooperative associations made generally subject to the "blue sky law" (electric cooperatives are exempt, see below); prescription of form of mail ballot by board of directors made permissive and not mandatory; surplus and patronage refund provisions simplified; new dissolution procedure; procedure for amendment of articles simplified.

Under Section 3996-2 (9) of the 1927 Statutes, as amended, "securities of any cooperative association organized in good faith . . . exclusively for the purpose of conducting upon the co-operative plan among its members, stockholders and patrons any or all of the following business: . . . . the operation of a . . . . rural electric distribution system among its stockholders" are exempt

from the operation of the registration provisions of the blue-sky law. This exemption is continued in effect not only in Chapter 114, Laws 1941, but also in Chapter 547, Laws 1941 (H.F. 1265) which amended the "blue sky law" without changing subsection (9) of Section 3996-2.

Tax Legislation. The legislative committee was successful in securing enactment of S.F. 159 which added to the list of exemptions from income tax (Section 2394-5 (e) of the 1940 Supplement), "cooperative associations organized under the provisions of Laws 1923, Chapter 326, as amended, and engaged in the transmission and distribution of electrical heat, light or power upon a mutual, non-profit and cooperative plan in areas outside the corporate limits of any city or village". The bill was signed by the Governor on April 1, 1941 (Chapter 109, Minnesota Laws, 1941). The companion House bill, H.F. 178, is reported to have been indefinitely postponed. Since some of our cooperative borrowers operate within villages, the applicability of this exemption may be questioned.

Easements over State Lands. Because of the difficulty experienced by some of our borrowers in securing easements over state owned lands, several bills, S.F. 1006, S.F. 827 and H.F. 909 were introduced, intended to permit the grant of such easements for nominal consideration. H.F. 909 was finally passed and is known as Chapter 145 of the Laws of 1941. This act may not give the cooperatives the relief sought, as its provisions have been interpreted by the Attorney General to require the payment of a consideration for the easements.

Exemption from Electrical Licensing and Inspection Law. In the fall of 1940 the Northern Electric Cooperative Association sought the cooperation of all electric cooperatives in Minnesota in securing the amendment of electrical wiring and licensing law by restricting its operation to cities of the first or second class. Opposition by the Minnesota Electrical Council, representing electrical contractors and dealers organizations, was immediately manifested. Bills, H.F. 616 and S.F. 978, aimed at securing exemption for rural installations, were introduced but failed of enactment after an intensive campaign of opposition by the Minnesota Electrical Council. There was some difference of opinion among electric cooperatives as to the desirability of this legislation. Finally the legislative committee of the Minnesota Electric Cooperative took a position against the bill and asked the subcommittee of the House, which was considering the bill, to postpone the bill indefinitely. This recommendation was followed.

B. Defensive Program

Commission Jurisdiction. An attempt was made to establish a Division of Light and Power Supervision in the Railroad and Warehouse Commission and to authorize the Commission to establish rates for light and power companies, and to supervise generally the distribution of electric power. The bills, S.F. 327, H.F. 315, would have extended the jurisdiction of the Commission to cooperative associations only with the consent of the Board of Directors of said association. However, enactment of the proposed legislation would have been an opening wedge. The legislative committee opposed passage of these bills and they were defeated.

There was also introduced a bill, S.F. 1196, whose stated purpose was the conservation of available funds for the purpose of making rural electric service available to the largest number of farms at the lowest possible cost by preventing wasteful duplication of facilities. The bill would have required any cooperative before constructing, operating or enlarging any generating plant or transmission lines, to submit all plans, specifications or estimates to the State Department of Agriculture. The Commissioner of Agriculture was charged with the function of studying these facts, to determine whether or not the expenditures would result in a lower cost of electricity than could be obtained by existing facilities. The bill also prohibited cooperative service to any customer now receiving service or capable of receiving service from existing facilities within 300 feet of his premises. The bill would also have prohibited service from any source for any customer now served or capable of being served from existing cooperative facilities within 300 feet of his premises. Where two or more sources of supply were available to any customer, the bill would have required service from facilities first made available. This bill was successfully opposed by the legislative committee.

Telephone and Power Line Interference Bill. An attempt was also made (S.F. 381) to clothe the Railroad and Warehouse Commission with power to promulgate regulations concerning the nature, location and character of construction to be used where power lines of any kind cross or parallel the lines of any other public utility. The bill would also have given Commission jurisdiction to make orders and prescribe terms and conditions relating to the relocation of existing lines and determination of the cost thereof and its assessment to the company or companies involved. Enactment of this bill was not opposed by the legislative committee, which did not consider it harmful, although we pointed out its dangers. The Senate Committee considering the bill recommended it for passage, but the bill was indefinitely postponed when it reached the floor of the Senate.

Regulation of Electrical Construction. Legislation was also introduced which would have given jurisdiction to the State Board of Electricity over all construction, reconstruction and maintenance of electrical communication lines in Minnesota from September 1, 1941. H.F. 271, S.F. 461 set forth certain specific construction and reconstruction standards, and empowered the State Board of Electricity to adopt rules and regulations relating to safety. An attempt was made to secure exemption for the electric cooperatives. However, the bill failed of enactment.

Gasoline Transportation Bill. H.F. 253, S.F. 455 would have limited the transportation of inflammable liquids in motor vehicles to 3,000 gallons. The bill, which originated with the Insurance Federation of Minnesota, was opposed by the legislative committee because of its possible effect on generating plants. It failed to pass.

C. Collateral Legislation

Enacted. H.F. 249, relating to the acquisition of electric utilities, etc. by villages, is reported to have been enacted as Chapter 119, Laws of 1941. S.F. 167, relating to the same subject matter, was indefinitely postponed.

S.F. 545, limiting the powers of water, light, power and building commissioners in certain cities and villages, is reported to have been enacted as Chapter 269, Laws of 1941. H.F. 678, covering the same subject matter, failed.

H.F. 1215, enlarging the powers of water, light, etc. commissioners in certain cities and villages is reported to have been enacted as Chapter 279, Laws of 1941. S.F. 1076, covering the same subject matter, failed.

S.F. 1219, amending existing statutes relative to competitive bidding for utility services to the State Commissioner of Administration, is reported to have been enacted as Chapter 478, Laws of 1941. H.F. 1372, covering the same subject matter, is reported to have failed.

Failed. H.F. 114 (S.F. 301) would have amended Section 2012-2 of the 1940 Supplement by striking out the provision for assessment at 5% of true value of electric distribution lines used primarily for serving farmers at retail. The exemption now enjoyed by the electric cooperatives would not have been affected.

H.F. 1003, relating to ownership of public utilities by villages, boroughs and cities other than those of the first class, passed

the House as amended, but failed of final passage. A companion bill, S.F. 881 also failed to pass.

H.F. 803, S.F. 598 and S.F. 342 would have validated proceedings in connection with the municipal acquisition of utilities.

H.F. 186, S.F. 1337 would have limited to five years the life of any franchise granted public utilities by municipalities.

H.F. 922 would have established the Minnesota Resources Commission as a permanent agency in place of certain other state commissions.

D. 1943 Program

The experience of our borrowers under the general cooperative association law, as amended in 1941, should be reviewed for the purpose of determining anew the need for enactment of the model act. Unless there is urgent need therefor, the model act should not be pressed because of the sentiment prevalent in Minnesota favoring a general cooperative law.

Although there was some discussion, prior to the 1941 session, of the problem of securing special tax assessment for the generating cooperatives, nothing was done. As yet the problem of ad valorem taxation of these plants does not appear to be acute. However, there may be some activity in the direction of securing tax exemption or other special tax treatment for the generating cooperatives in 1943.

The sponsors of the bills for easements over state owned lands have already requested us to assist them in drafting legislation for submission to the 1943 legislature which will enable the cooperatives to secure easements over these lands without charge or, at the most, for a nominal charge.

The application of the electrical licensing and inspection law in rural areas will probably again be attacked by some of our Minnesota borrowers. In this field, coordination of legislative effort and agreement on policy should be effected.

1941 Missouri Legislation - Final Report
Session: January 8 to July 12 (13) 1941

A. Affirmative Program

Amendatory Legislation. Enactment was sought of H.B. 282, to amend and eliminate certain sections of the 1939 Rural Electric Cooperative Act which had not been used because of the provisions of section 3(a) which would have subjected the cooperative to the jurisdiction of the Public Service Commission on matters concerning construction and inductive or electrical interference. The bill was sponsored by the Missouri State Rural Electrification Association and was passed without difficulty in the House but was killed by a five to four vote in the Senate Committee on Agriculture, private power opposition being effective.

It is reported that considerable opposition to other so-called federal legislation appeared during the session. The Missouri farmers were split on several measures, including a soil conservation bill which was recommended by Governor Donnell.

B. Defensive Program

Electrical Licensing and Inspection Bill. H.B. 339, the usual licensing and inspection bill, containing provisions which would have unduly burdened rural installations, was successfully opposed.

Tax Legislation. H.B. 492, providing for the assessment of an occupation tax at the rate of $1.00 per year each pole and $1.00 per year per each guy located along highways, was defeated.

S.B. 195, amending Section 11295, R.S. 1939, relating to the taxation of the distributable property of certain utility companies, including electric light, power and transmission companies, failed of passage.

H.B. 323, providing for a revision of the law relating to the assessment by water supply districts to include all properties owned by "electric and light companies, electric transmission lines and all other public utility companies in the district", was defeated.

H.B. 41, establishing a method of valuation of the property of corporations "engaged or which may hereafter become engaged in

the business of generation, transmission or distribution of electricity" was killed in the House.

C. Collateral Legislation

Enacted.* H.J.C.R. 17, amending the Constitution with regard to rates of taxation for local purposes was finally passed on June 24, 1941. It will be submitted to the electorate at the November 3, 1942 election.

Failed. H.B. 157, providing a method of taxation for hydro-electric power plants failed of passage.

D. 1943 Program

Amendment of the 1939 Rural Electric Cooperative Act should be sought. Legislative effort of our cooperative borrowers in Missouri is well coordinated. Strategy must be directed at defeating the opposition of the utility lobby in the Senate.

The defensive program in 1943 will undoubtedly, as in the past, be most important. Tax legislation particularly must be watched. It may be expected also that the State Highway Department may seek legislative support for further exercise of jurisdiction over use of highways.

*Addendum

S.B. 187, approved July 5, 1941, was also enacted. It repeals Section 11027, R.S. 1939, and enacts a new section on the powers of the State Tax Commission and its general supervision over property assessments.

[illegible] [illegible] [illegible] [

1941 Montana Legislation - Final Report
Session: January 6 to March 6, 1941

A. Affirmative Program

General. On November 19, 1940, a statewide meeting of representatives of our borrower cooperatives was held at the State College at Bozeman, the meeting having been arranged by Armin J. Hill, Extension Agent. Fred Kistner, president of Montana 16 Park was elected chairman of the group which organized very informally. Among other things, a legislative committee of two (J. H. Riednour, director of 13 Flathead, and E. C. Kaiserman, superintendent of 16 Park) was appointed, with Hill as adviser. At the meeting, Hill urged participation by the cooperatives in the enactment of an electric wiring licensing and inspection law. This was opposed by the legal staff representative who attended the meeting. The committee was instructed to inquire into the matter and to consult with the REA Legal Division. The consensus of the meeting was that there was no tax problem requiring legislative solution.

Tax Legislation. Following the meeting, the representatives of Montana 5 Richland indicated that they anticipated a tax problem. Consideration of the facts yielded no special problem. Under then existing law, poles and lines of cooperative rural electrical associations were classified so as to be assessed at 7% of value. The statute also included "other property" but the state tax authorities had refused to interpret this language broadly. Our legal staff recommended further attempt to secure a broader interpretation. H owever, S.B. 58 was introduced by Senator Nutt, of Richland, along the same lines as a bill he sponsored in 1939, specifically including in the 7% classificatiom "transformers, transformer stations, meters, tools, improvements, machinery" in addition to poles and lines. This bill was brought to the attention of our Montana friends; it passed (Chapter 107 of the 1941 Session Laws) and became effective upon approval by the Governor (March 10, 1941).

B. Defensive Program

Licensing Law. An objectionable licensing and inspection bill, S.B. 120, sponsored primarily by the Montana Council of Electrical Workers, and supported by Hill and Kaiserman, was introduced. It was opposed by Riednour and practically all of our borrowers, most effectively by John W. Hall, of Fort Shaw, engineer, and superintendent R. C. Sherman, of Montana 2 Cascade, who attended the Senate committee hearing which preceded an unfavorable report on

1941 Montana Legislation - Final Report
Session: January 6 to March 6, 1941

A. Affirmative Program

General. On the [illegible] day, [illegible] proceeded [illegible] persuasively of our bunch [illegible] conservative [illegible] was held [illegible] the delegation. At Dawson, the meeting [illegible] arranged by Senator [illegible], President, and Arthur, President [illegible] Farr and [illegible] differences of [illegible] which [illegible] very informally. Among [illegible] meeting, [illegible] Finance Committee of the (G. R. Hindman, Chairman of [illegible] and [illegible] C. Kaiser, superintendent of [illegible] was [illegible] at the meeting, Hill urged participation by the conservatives [illegible] the enactment of an electric [illegible] Licensing and Inspection [illegible]. This was opposed by the Local [illegible] representative who attended the meeting. The committee was instructed to study [illegible] matter and to consult with the REA Legal Division. The [illegible] of the meeting was that there was no [illegible] [illegible] legislative solution.

Tax Legislation. Following the meeting, the representatives of Montana's Rickland indicated that they anticipated a tax problem. Consideration of the [illegible] yielded no [illegible] problem. Under these existing laws, poles and lines of cooperative rural electrical associations were classified so as to [illegible] and at 75% of value. The statute also included "other property" but [illegible] tax authorities had refused to interpret this language broadly. Our legal staff recommended further [illegible] to avoid a broader interpretation. However, S.B. 98 was introduced by Senator Mutt of Richland, along the same lines [illegible] bill [illegible] passed in 1939), specifically including in the 75% classification "transformers, transformer stations, meters, poles, improvements, machinery" in addition to poles and lines. The bill [illegible] passed the entirety of our Industrial Committee [illegible] of the 1941 Montana Laws) and [illegible] upon signing [illegible] the [illegible] (Chapter 10, 1941).

B. Unfavorable Program

[illegible]. [illegible] Hill and Kaiser [illegible] Chairman and Professional [illegible] Hill, of Fort [illegible] [illegible] Chairman, of Montana [illegible] the [illegible] Legislature with [illegible]

the bill on February 14, 1941.

Construction Standards Law. H.B. 235, providing standards for overhead construction of light, heat and power lines, was brought to our attention. We were able to secure specific exemption of our cooperative borrowers and for the continuance in effect of Chapter 194 of the Session Laws of 1939 which applied National Electrical Safety Code standards specifically to the electrical construction of our borrowers. The bill was approved on March 12, 1941 and became effective July 1, 1941 (Chapter 137, Session Laws of 1941).

C. Collateral Legislation

Enacted. Section 8289 of the Revised Codes of Montana of 1935, relating to acknowledgment of satisfaction of mortgage, was amended to provide a penalty for refusal by mortgagees of personal property to execute an acknowledgment of satisfaction. (S.B.16; Chapter 3, Laws of Montana, 1941.)

House Memorial No. 1 (January 15, 1941) and Senate Memorial No. 1 (January 14, 1941) to the Congress of United States requested the enactment of appropriate legislation for the utilization of the power and water resources at the Fort Peck Dam for irrigation development. House Memorial No. 2 (January 15, 1941) and Senate Memorial No. 2 (January 14, 1941) to the Congress of United States requested that the United States employ the utilities and facilities available at Fort Peck in the plan of national defense.

D. 1943 Program

The sponsors of S.B. 120 will undoubtedly seek some form of inspection and licensing law in 1943. This must be carefully watched.

Section 2 of the 1939 Electric Cooperative Act contained the following phrase after the word areas: "in which electrical current and service is not otherwise available from existing facilities and plants". This has not, as yet, caused the Montana program harm. We consequently did not seek amendment. However, we should be on guard for controversies which may arise because of this language and be prepared to seek legislative remedy if necessary.

We have some very effective legislative aides in Montana. However, our borrowers' cooperative legislative efforts should be re-examined and coordinated.

the bill on February 14, 1941.

Construction Standards Law. P.L. 835, [illegible] [illegible] [illegible]

1941 Nevada Legislation - Final Report
Session: January 20 to March 20, 1941

A. Affirmative Program

Our Nevada borrowers are organized under the Power District Law. No need for new legislation appeared; no legislation was sought.

B. Defensive Program

Electrical Licensing and Inspection Bill. A.B. 49, creating an Electrical Administrative Board and providing for licensing and inspection of electrical installations, died in Committee. We engaged in no activity with respect to this bill.

Project attorney Ryland G. Taylor reported on April 25, 1941 that no legislation adversely affecting our borrowers was enacted.

C. Collateral Legislation

Enacted. S.B. 59, creating a State Contractor's Board, and providing for the licensing of contractors was enacted. Section 1 of Article III exempts irrigation and reclamation districts or other municipal or political corporation or subdivision of the State. Section 3 of Article III exempts "public utilities operating under the regulation of the Public Service Commission on construction, maintenance and development work"; Section 8 of Article III exempts "any construction or repair of, or incidental to, any agricultural or farming project."

A.B. 270, effective March 28, 1941 as Chapter 137, 1941 Laws, amends Sections 3, 4 and 5 of the 1901 cooperative associations act, with reference to articles of association and bylaws.

A.B. 271, effective March 28, 1941 as Chapter 138, 1941 Laws, amends Sections 3, 4 and 5 of the 1921 non-profit cooperative corporations act, with reference to contents of articles of incorporation, bylaws and powers.

S.J.R. 8, memorializing the United States Congress to amend various water conservation and utilization project statutes, to require compliance with state laws in the prosecution of projects was adopted.

1941 Nevada Legislature - Final Report
Session: January 21 to March 25, 1941

A. Affirmative Program

Our Nevada borrowers are organized under the Farmer Institute Law. No need for new legislation appeared; no legislation was sought.

B. Defensive Program

Electrical Licensing and Inspection Bill. A. B. 67, creating an Electrical Licensing Board and providing for licensing and inspection of electrical installations, [illegible] appeared to be controlling with respect to this [illegible].

Project attorney Ryland G. Taylor recorded on [illegible] that no legislation adversely affecting our borrowers was acted.

C. Collateral Legislation

Enacted. S.B. 79, creating a [illegible] Board, and providing for its licensing [illegible]. [illegible] of Article III [illegible] or other municipal or [illegible] Section. [illegible] Article III [illegible] "qualify [illegible] contracting and [illegible] the public Service Commission or [illegible] connection, maintenance or operation [illegible]" Section 2 of Article III [illegible] "any construction or repair [illegible] to any agricultural or farming purposes."

A.B. 270, effective March 28, 1941 as Chapter 327, [illegible] Sections 3, 4 and 7 of the 1939 corporation law, with reference to [illegible] of association and [illegible].

A.B. 271, effective March 28, 1941 as Chapter 185, 1941 Laws, [illegible] Sections 3, 4 and 5 of the 1939 non-profit corporation law, with reference to [illegible] of articles of [illegible], bylaws and powers.

[illegible] Relative to Unfair Practices [illegible]
[illegible] Unemployment Compensation [illegible]
[illegible]

Failed. A.B. 189, requiring public utilities to pay the costs incurred by the Public Service Commission in investigating their practices and activities and appraising their operations, failed of enactment.

D. 1943 Program

The non-profit cooperative corporation and cooperative associations acts, which were amended during the 1941 session, have not heretofore been used in connection with the REA program. In the event they are used in the future, it may become necessary to seek further amendment to make them most effective.

1941 Nebraska Legislation - Final Report
Session: January 7 to May 23, 1941

A. Affirmative Program

Our Nebraska borrowers are public power districts. Although no affirmative legislative program was conducted by our borrowers on a state-wide basis, a number of bills directly affecting the program were considered by the legislature. The following bills, relating to public power districts, are reported:

I. Enacted

Election of Directors. L.B. 133 amended Sec. 70-704, C.S. Supp. 1939, to provide that where the district is primarily furnishing rural consumers, subdivisions within the district may be formed for the nomination and election of directors by following county boundary lines without regard to population, if in the judgment of the state engineer, the rural consumers will not be prejudiced.

Water Use. L.B. 202 amended Sec. 70-707, C.S. Supp. 1939, to provide for preference to public power and irrigation districts using water for agricultural purposes over those using same for power purposes. The term "just compensation" in connection therewith is defined.

Bank Deposits. L.B. 390 provides procedure concerning deposits in banks of power and irrigation district funds.

Actions Involving District Bonds. L.B. 212 amended Secs. 27-319 and 321, C.S. Supp. 1939, to permit actions against the State of Nebraska with respect to its ownership or interest in bonds or other obligations of any political subdivision of the State, including drainage and irrigation districts.

II. Failed

Qualification of Directors. L.B. 61 would have amended Sec. 70-704 and 70-705, C.S. Supp. 1939, to provide that only members of a public power district shall be qualified to hold the office of director.

Service to Municipalities. L.B. 330 would have amended Sec. 70-701, C.S. Supp. 1939, to redefine "municipality" so that any municipality receiving service from the district would automatically be included in the district.

1941 Nebraska Legislature - First Regular
Session: January 7 - May 23, 1941

A. Administrative Agency

[illegible] Nebraska borrowers [illegible] power district [illegible]. Although no Cliffordian Local Utility [illegible] municipal [illegible] preference [illegible] a state-wide [illegible], [illegible] [illegible] directly [illegible] the program were considered by the Legislature. The Federal Power Commission [illegible] [illegible] public power districts, [illegible]

B. Proposed

Election of Directors. L.B. [illegible] [illegible] 1939, to provide that where the district is [illegible] rural consumers, subdivisions within the district [illegible] the annual [illegible] and election of directors [illegible] boundary lines without regard to population. [illegible] of the state engineer, the rural consumers will [illegible] [illegible].

Water Use. L.B. 202 amended [illegible] 90-707, C.S. Supp. 1939, to provide for preference [illegible] public power and irrigation districts [illegible] [illegible] "plant conservation" in [illegible].

[illegible] Sign. L.B. 390 [illegible] [illegible] of [illegible] [illegible] Code.

[illegible] Involving Municipal Bonds. [illegible] 2-[illegible] and Sec. 1 C.S. Supp. 1939, to permit [illegible] [illegible] with respect to its [illegible], [illegible] other obligations of any political subdivision of the [illegible] [illegible] and irrigation districts.

C. Failed

[illegible] Functions. L.B. 94 would have [illegible] 70-[illegible] [illegible] 1939, [illegible] [illegible].

[illegible] [illegible]

Restriction on Acquisitions. L.B. 439 would have amended Sec. 70-706, C.S. Supp. 1939, to prohibit acquisition by power districts of any plant partly or wholly within a city or village without giving 30 days' notice to the governing body of such city or village. The bill would have also prohibited exercise of power of eminent domain if such city or village within the 30 days took any steps toward acquiring the plant.

Filing Fees. L.B. 179 would have amended Sec. 32-1123, C.S. Supp. 1939, to reduce the filing fee for directors of public power and irrigation districts to $5.00.

Sale of Obligations. L.B. 480 would have amended Sec. 70-709, C.S. Supp. 1939 to limit the commission paid any agent in connection with the sale of any district obligation to one-half of 1%. The bill would also have required that all obligations, except those maturing within 12 months, be sold by open competitive bidding.

B. Defensive Program

Tax Legislation. L.B. 72, ~~which~~ would have provided for submission to the electorate of a constitutional amendment providing for taxation of property of public power and irrigation districts acquired by purchase from private persons or corporations and used for the generating, transmission or distribution of electrical energy or gas. Amendment of the bill was sought to make it apply only to future acquisitions and to continue in effect the exemption of property then or thereafter owned by any city or village. An effort was made to secure exemption for the rural power districts, but no definite action was taken in this direction. The bill was opposed by several of our borrowers. Wide-spread interest in it was manifested. It was finally postponed by a vote of 19 to 11.

L.B. 474 was a similar bill which would have provided for constitutional amendment permitting the legislature to levy taxes upon the production and income of public power districts, municipal power plants and privately owned utilities. This bill, also, was indefinitely postponed.

L.B. 408 represented an attempt to redefine public power districts as public proprietary corporations, and to take away their character as governmental subdivisions and to remove their tax exemption. Express provision was made for exemption of property used by rural electrification districts and rural public power districts. This bill was also indefinitely postponed.

[illegible]

[illegible]

[illegible]

Electrical Licensing and Inspection Bills. L.B. 476 would have created a State Board of Electricians and provided for licensing and inspection of electrical installations. The provisions of the bill would have been particularly burdensome in rural areas. It was indefinitely postponed, as was L.B. 99 which would have provided that electrical installations be conducted in accordance with the regulations set down in the National Electrical Code.

C. Collateral Legislation

Enacted.* L.B. 1 governs the exercise of the power of eminent domain by cities in connection with the acquisition of public utility property. It became effective as an emergency measure on February 15, 1941.

L.B. 2 amends Section 16-671, C.S. Supp. 1939, to include gas plants or systems among the utilities for which certain cities of the first class may issue revenue bonds.

L.B. 17 imposes a requirement of 72 hours' notice prior to the issuance of any injunction in matters involving the delivery of water in which the state engineer is a party. The bill relates generally to civil procedure in connection with disputes relating to the delivery of irrigation water.

L.B. 19 amends Sec. 18-1005, C.S. 1929, by providing that special taxes assessed by such districts shall bear interest not to exceed certain rates.

Failed. L.B. 10 would have substituted for the State Railway Commission a Public Utilities Commission which would be elected from five public utility commissioner districts. The bill would have provided for constitutional amendment to put the change into effect. It was killed in Committee.

L.B. 230 would have amended Section 16-663, C.S. 1929, relating to municipal corporations to provide that revenues from municipal power plants in certain cities of the first class not be used for general purposes, except with electoral approval. The bill was indefinitely postponed.

L.B. 433 would have amended Sec. 18-1601, C.S. Supp.1939,

*See addendum on page 4.

[illegible]

[illegible]

[illegible]. Civil and Criminal

[illegible]*. [illegible] authorization [illegible] and [illegible] [illegible] public utility [illegible] pay. The [illegible] effective [illegible] emergency [illegible] on February 14, 1941.

[illegible] Code [illegible] (Ch. 72, C.L. 1929, [illegible]) [illegible] the utility [illegible] of the first class may [illegible] vessels.

S.B. 17 proposes a requirement of 72 hours' notice prior to [illegible] of any injunction in matters involving the delivery of water in which the state [illegible] is a party. The bill [illegible] generally to civil proceedings in connection with disputes relating to the delivery of [illegible] water.

S.B. 17 [illegible] (Ch. 1929, C.L. 1929) by providing that [illegible] shall [illegible] not to exceed [illegible].

Final. S.B. 20 would [illegible] the State Military [illegible] public utilities [illegible] would [illegible] military [illegible] [illegible] for [illegible] by [illegible]. In [illegible] Committee.

[illegible] (Ch. 1929, C.L. 1929) [illegible] provide [illegible] [illegible] [illegible] [illegible]. The bill [illegible].

[illegible]

*See [illegible] on page 4.

relative to the issuance of revenue bonds by municipal corporations in connection with the construction and operation of utility plants.

L.B. 385 would have prohibited any individual, firm or corporation engaged in selling utility service from making any service charge for the rental or installation of any service or equipment. It was indefinitely postponed.

L.B. 333 would have required all governmental subdivisions of the State to give preference to articles grown or manufactured in Nebraska. It was indefinitely postponed.

D. 1943 Program

No legislative needs in connection with the rural electrification program are now known. It may be anticipated that an attempt will be made again in 1943 to subject public power districts to taxation.

The Electric Membership Corporation Act, which was adopted in 1937, has not been used in Nebraska. Should developments direct the program in the cooperative direction, it will be necessary to examine the Act carefully for amendment.

Addendum

Collateral Legislation - Enacted. L.B. 69 empowers cities of the second class and villages to purchase, construct, maintain and improve cold storage or refrigeration plants and to finance same from certain tax funds or bonds issued with electoral approval.

[illegible] - [illegible] by municipal [illegible] [illegible] [illegible]

1941 New Hampshire Legislation - Final Report
Session: January 1 to June 13 (16) 1941

A. Affirmative Program

No affirmative program was undertaken at the 1941 session of the New Hampshire General Court.

B. Defensive Program

Rate Regulation. H.B. 215 would have established a ceiling of six cents per kwh; prohibited minimum charges and interest charges; provided for meter inspection; and required that a duplicate meter reading be left with the consumer. This bill was killed.

C. Collateral Legislation

Enacted. H.B.410, conferring authority upon the Public Service Commission to establish temporary rates, was enacted as Chapter 148, effective June 5, 1941. Temporary rates may be fixed by the Commission pending final determination of rate cases before the Commission. Alternative methods of arriving at these temporary rates are provided for in the Act. It applies only to cases where rate proceedings have been instituted and are pending before the Commission.

Failed. H.B. 296, relating to the rights of utilities and consumers regarding title to energy supplied, was unfavorably reported.

H.B. 407, relating to appeals from Public Service Commission orders, also failed.

D. 1943 Program

There does not now appear to be any need for new legislation.

1941 [illegible]
Hearings: January [illegible] 1941

A. [illegible]

[illegible] the [illegible] of the [illegible] of the [illegible] Act.

B. [illegible]

[illegible] Revocation. [illegible] established a [illegible] of six cents per kwh; provided minimum charges and increased charges; provided for [illegible] transformer; and required that a duplicate meter reading be left with the consumer. This bill was killed.

C. Cooperative Municipalization

[illegible]. R.S.410, conferring authority upon the Public Service Commission to establish temporary rates, was amended as Chapter [illegible], effective June 9, 1941. Temporary rates may be fixed by the Commission pending final determination of rate cases before the Commission. Authority of municipalities to [illegible] or [illegible] provided for in the Act. It applies only to cities where [illegible] have been instituted and are pending from the Commission.

[illegible]. N.J. [illegible], a [illegible] to the [illegible] of utilities and consumers a [illegible] rate [illegible] energy supplied, was [illegible] enacted.

[illegible] be repealed from Public Service Commission [illegible].

D. [illegible]

[illegible] no [illegible] legislation [illegible] availability.

1941 New Jersey Legislation - Final Report
Session: January 14 to July 29, 1941*

A. Affirmative Program

No affirmative program was undertaken in New Jersey at the 1941 session because of the lack of proper sponsorship.

B. Defensive Program

No legislation has come to our attention which would adversely affect our borrowers in that State.

C. Collateral Legislation

No legislation of collateral interest to our program has been reported, other than an amendment of the explosives act, S.B. 66, effective March 28, 1941 as Ch. 27, Laws 1941.

D. 1942 Program

A program should be undertaken at the 1942 session seeking enactment of the model act. The Public Utility Commissioners in New Jersey have manifested a hostile attitude toward rural electrification and have stated their intention to "sponsor certain legislation affecting our borrowers". Development of proper sponsorship of any program in New Jersey is important. Representatives of the legal staff interviewed Governor Edicson relative to the possible inclusion by him in his legislative program of the REA model act. H e was disinclined to assume the initiative. Unless the situation undergoes a marked change, we will be compelled to proceed, if at all, with sponsorship by our two cooperative borrowers in that state. The program should not be undertaken unless forceful leadership and sound support can be obtained.

*Legislature recessed until November 13, 1941.

[illegible]

1944 [illegible] - Final hearing
Session: January 14 - July 22, 1944*

[illegible]

A. [illegible]

[illegible]

B. [illegible]

[illegible]

C. [illegible]

[illegible]

D. [illegible]

[illegible]

*[illegible] January 14, 1944.

1941 New Mexico Legislation - Final Report
Session: January 14 to April 12, 1941

A. Affirmative Program

General. At the beginning of the session, project attorney Neil B. Watson communicated with us to advise that an affirmative legislative program would be conducted by the New Mexico cooperatives acting through Governor Hockenhull, who had been informally selected in 1939 to make legislative contacts in 1941. The legislative program had been discussed at a meeting of project attorneys and superintendents with a member of our legal staff on January 1. Emphasis was primarily placed on securing tax exemption. The desirability of legislation with respect to easements for electric cooperatives was suggested by Watson. The member of our legal staff who was keeping in touch with legislative matters in New Mexico advised us that Waldo Spiess, of La Vegas, project attorney for New Mexico 14A Mora (then unallotted) a member of the New Mexico Senate, was taking the lead on legislative matters. Our communications from that point on were with Senator Spiess. We did not receive complete reports as to legislative developments. For that reason our information is not complete. We have sought information from all available sources.

Tax Legislation. The provision contained in the Electric Cooperative Act for exemption from excise taxes, upon payment of a fee of $10. for each 100 members or fraction thereof, was amended to include exemption from all taxes of whatsoever kind or nature. S.B. 13, which was adopted as Chapter 195, Laws of 1941, became effective on July 13. The constitutionality of this law has already been attacked by the State Tax Commission which is taking steps to assess the properties of some of our borrowers.

Easement Legislation. S.B. 70, providing for a two year period of limitations on actions in connection with easements, practically identical with the easement provision of the latest revision of the model act, was introduced but failed to pass.

Exemption from Electrical Wiring Licensing and Inspection Law. It was reported that an exemption would be sought for the electric cooperatives from the provisions of Chapter 192 of the Laws of 1939 relating to electrical wiring inspection and licensing. Notwithstanding several requests, no copy of the amendatory bill was ever submitted to us. We have been advised that the bill did not pass. H.B. 61, enacted as Chapter 201, Laws 1941, amends the existing law; the amendments do not provide for cooperative exemption.

B. Defensive Program

Commission Jurisdiction. After a rather turbulent legislative history, which included submission of the bill to the Federal Power Commission for advice, H.B. 29 creating the new Public Service Commission, with provisions for regulation and control of public utilities, was enacted into law. We were successful in obtaining the insertion of a provision in the limitation and exception section of the Act stating that "nothing contained in this Act shall be construed as giving to the Public Service Commission, hereinafter created, any powers or jurisdiction over . . . corporations organized under Chapter 47, of the Laws of 1939, known as the Rural Electric Cooperative Act". The Public Utility Law became effective on July 13, 1941, as Chapter 84, Laws 1941.

Duplication of Existing Utility Services. Enactment of Chapter 154, Laws 1941 (S.B. 242) first came to our attention after adjournment of the session. This Act prohibits the duplication of any public utility service of the type contemplated by Article XI, Section 7 of the New Mexico Constitution in any "municipality, field or territory". Provision is made for the issuance of certificates of convenience and necessity by the district courts. The Act extends specific exemption to public utilities as defined in the 1941 Public Utility Law. Article XI, Section 7 of the Constitution of New Mexico confers powers upon the State Corporation Commission over "transmission companies". The New Mexico Supreme Court has held that local gas and electric companies are not "transmission companies" within the constitutional provision. It may, therefore, be concluded that Chapter 154, Laws of 1941 does not apply to our borrowers. It should be noted that Article 22 of Chapter 90 of the 1929 Statutes is very similar to Chapter 154. Under the 1939 New Mexico Electric Cooperative Act, cooperatives are specifically exempted from the provisions of Article 22.

C. Collateral Legislation

As indicated, our legislative lines of communication were unsatisfactory. The following bills of collateral interest to the program were reported by the office of Government Reports.

Enacted. S.B. 73, authorizing cities, towns and villages to refund revenue bonds; providing terms for such refunding and the method of further securing refunding bonds by mortgage of publicly-owned utilities and requiring the granting of franchises to protect refunding bonds in case of default and foreclosure of publicly-owned utilities, was enacted as Chapter 185, Laws 1941. H.B. 256, enacted as Chapter 18, Laws 1941, amends existing laws relating to issuance of revenue bonds for municipal utilities.

5. Defamatory Broadcasts

[illegible]

6. Quality and Licensing Laws

[illegible]

Failed. S.B. 170, providing that municipalities must vote on enlargements or additions to municipally owned utilities, was killed in the Senate.

Constitutional Amendment - 1940 Election: Legislative Sessions. The electorate in November 1940 approved amendment of Article 4, Section 5 of the New Mexico Constitution, providing for a limot of 60 days for legislative sessions, divided into two terms of 30 days each with a 30 day recess between terms. The amendment requires that all bills be introduced, but not adopted, at the first term, and that no bills be introduced during the second term which is restricted to final action on bills. Appropriation measures are excepted. (Pursuant to H.J. Res.12).

D. 1943 Program

The tax situation may develop need for new legislation or constitutional amendment. It should be closely watched.

Redetermination of the need for easement legislation and for exemption from the electrical wiring licensing and in spection bill should be made.

If Chapter 154, Laws 1941, causes any difficulty, notwithstanding its apparent inapplicability to our borrowers, it should be amended specifically to exempt electric cooperatives.

1941 New York Legislation - Final Report
Session: January 8 to April 3 (4) 1941

A. Affirmative Program

Our sole borrower in New York during the last legislative session was a private utility company. No affirmative legislative program in which we were interested was conducted.

B. Defensive Program

Tax Legislation. H.B. 400 (S.B. 363) amends the Tax Law to extend the 2% state emergency utilities tax to June 30, 1942; also to include within its scope all persons selling enumerated utility services. It became effective as Chapter 137, Laws 1941, retroactive to July 1, 1937. H.B. 1201, enacted as Chapter 293, Laws 1941, effective April 12, 1941, amends the General City Law to permit cities to impose 1% emergency tax on utilities until June 30, 1942. These tax laws are, of course, of general application.

Safety Legislation. S.B. 376 (H.B. 410) would have provided for the safety and protection of employees engaged in construction, repair and inspection of high voltage lines. The bill failed of enactment.

C. Collateral Legislation.

Enacted. S.B. 1819 amended the Agriculture and Market Law, Art. 19 to provide for licensing of cold storage and locker plants. It became effective April 26, 1941 as Chapter 763, Laws 1941.

Failed. S.B. 1489 would have allowed first and second class towns to appoint boards of plumbing, heating and ventilating examiners, and boards of electrical examiners to examine and issue licenses to applicants desiring to perform such work.

D. 1942 Program

A program of cooperative rural electrification is now being conducted. It may well be anticipated that needs will appear for new legislation in connection therewith.

1941 North Carolina Legislation - Final Report
Session: January 8 to March 15, 1941

A. Affirmative Program

Amendatory Legislation: Because of the difficulties encountered with the State Rural Electrification Authority (especially in connection with borrowers' applications to REA) and with certain provisions of the Electric Membership Corporation Act relating to corporate practice, the repeal of that Act and the introduction of the Electric Cooperative Act were considered. However, at a statewide meeting at Raleigh on January 21 and 22, it developed that this course had been closed by reason of the fact that our borrowers' representatives had previously conferred with Governor Broughton on the entire matter, and had been assured by him: (a) that the Authority would not be abolished and its jurisdiction assigned to the Public Utilities Commission as had been rumored, and (b) that the cooperatives would be consulted in his selection of a new chairman of the Authority to succeed the incumbent. The consensus was that sponsorship of the repeal of the Electric Membership Corporation Act and the enactment of the Electric Cooperative Act would be an indication of lack of confidence in the Governor, and would consequently be unwise. An amendatory program, designed to eliminate the mandatory quorum requirement of a majority of the membership (which had proven an unsurmountable obstacle to many cooperatives' membership meetings) and to permit by-law amendment by the membership, was supported and a bill, H.B. 333, effecting these ends, was enacted (effective March 15, 1941). Enactment of H.B. 961 (effective March 15, 1941) permitting the cooperatives to extend lines into adjacent states was also achieved through the legislative committee's efforts.

Foreign Corporations. Independently of the committee, H.B.50 was enacted (effective February 14, 1941) under the sponsorship of North Carolinians who desired service from certain Georgia cooperatives, permitting foreign electric cooperatives in adjacent states to domesticate under North Carolina law as electric membership corporations and to enjoy and be subject to the provisions of the Electric Membership Corporation Act.

Tax Legislation. Our borrowers, operating under the Electric Membership Corporation Act, are tax-exempt. However, seven of our borrowers had been incorporated as mutual corporations and later had converted. During their existence as mutual corporations, they were subject to State and local taxation. It was reported that the amounts paid and/or due approximated $50,000. Under the leadership of 34 Anson (President U.R. Blalock being

[illegible]

[illegible] Legislation - Final Report
[illegible] / January [illegible] 1964

A. [illegible] Formula

[illegible]

Foreign Corporations. [illegible] Section [illegible] of the Act (Effective February 14, [illegible]) [illegible] Corporations [illegible] Income, or [illegible] Electric Power Motive [illegible] Income [illegible] Corporation Act.

[illegible]

a prominent member of the lower House of the legislature), H.B. 258 (effective March 13, 1941) was enacted, waiving and refunding without interest all State and local taxes.

Easement Registration. The legislative committee sought enactment of legislation eliminating the necessity of recording easements. Under present law, failure to record is a penal offense and vitiates the easement. H.B. 283, exempting easements of electric membership corporations from the registration requirement, was considered inadequate by our legal staff and was killed. H.B. 332, containing more adequate provisions, met with opposition on the part of the lawyer-members of the legislature and failed to pass. This represented the only unsuccessful effort of the legislative committee. The legislature passed two local bills on this subject, - H.B. 787, waiving the registration requirement in seven named counties (effective March 15, 1941) and H.B. 205, reducing the probate and recording fees in five named counties (effective March 6, 1941). H.B. 787 is of dubious legal effect.

B. Defensive Program

Our borrowers were alert for any statutory changes which might have enlarged the jurisdiction of public bodies over them. Although the newspapers predicted legislation throwing the Rural Electrification Authority's functions into the new Public Utilities Commission, no such legislation appeared.

C. Collateral Legislation

Enacted. Information received from Max C. Wilson, who served as legal adviser to the legislative committee, indicates that the following bills of collateral interest were enacted:

S.B. 188 (effective March 8, 1941) abolishes the office of Utilities Commissioner and creates "The North Carolina Utilities Commission" to which the functions of the Utilities Commissioner are transferred. The bill does not affect our borrowers.

H.B. 404 (effective March 8, 1941) permits the appointment of more than one county electrical inspector.

H.B. 22 (effective March 4, 1941) places under the supervision of the Utilities Commissioner (now Commission) municipally-owned utility systems which are leased to and operated by private individuals, firms or corporations.

D. 1943 Program

The necessity for legislation waiving the necessity of registration of easements and making easements effective without registration remains. Narrowing the bill to refer only to electric membership corporations may enhance its chance of passage. This factor should be considered and an early attempt made to secure enactment of a proper bill.

It would be highly desirable to eliminate the State Rural Electrification Authority, notwithstanding the fact that Governor Broughton has appointed a chairman satisfactory to our borrowers. The Authority merely represents an unnecessary obstacle causing delay on our borrowers' applications. We are assured by those who sponsored the present chairman's appointment that he will not stand in the way of legislation abolishing the Authority. Our borrowers' experience during the next two years should be reviewed to determine whether the enactment of the Electric Cooperative Act should be sought. An attempt in this direction will be successful if the efforts of our borrowers are coordinated sufficiently early.

A power reserve cooperative has been organized in North Carolina as a mutual corporation. The Electric Membership Corporation Act was not used because of difficulty which might have been encountered with the Authority. However, a tax problem may arise which will require legislative solution.

Our North Carolina borrowers have demonstrated their ability to secure legislation. This ability should be capitalized upon as the occasion arises. The services of D. B. Barber, Jr., our field representative (Design & Construction Division) at Raleigh, were most useful in reporting legislative developments and securing bills. We also found Mr. Roy H. Park, a Raleigh publisher, very helpful.

D. 1943 Program

[illegible]

[illegible]

A [illegible] cooperative has been organized [illegible] as a [illegible] organization. The Electric Blanket [illegible] not need a [illegible] of difficulty which might [illegible] and with the authority. However, a few problems may arise which will require legislative solution.

Our Rural Condition borrowers have demonstrated their ability to secure legislation. This ability should be capitalized upon as the second in priorities. The services of D. L. Hawkins, Director, Field supervision (Design & Construction Division) of Rural [illegible] most useful in supervising legislative developments and drafting bills. We also found Mr. Roy H. Park, a Raleigh [illegible] very helpful.

1941 North Dakota Legislation - Final Report
Session: January 7 to March 7, 1941

A. Affirmative Program

Amendatory Legislation. Amendments of the 1937 Electric Membership Corporation Act (a) to eliminate commission jurisdiction over plans and specifications, (b) to permit amendment of bylaws by members, (c) to broaden the definitions and powers section, (d) to permit cooperatives to act as incorporators and their representatives to serve as directors, (e) to admit foreign corporations, (f) to permit quorum requirements to be set forth in bylaws, and (g) to reduce quorum requirements for amendment of articles, were included in H.B. 306, which was prepared by our legal staff. The bill was adopted as introduced except for the provision for complete Commission exemption,which was deleted because of the strenuous objections of the Public Service Commission. It became effective on March 17, 1941 as Chapter 227.

Tax Legislation. A tax bill, S.B. 179, providing for a tax based on membership, was initiated locally by a tax committee which held final sessions in Bismarck just prior to the introduction of the bill. Some dissension arose with respect to the tax program. The cooperatives with small memberships and large power consumption favored a bill passed on membership; those with large memberships and smaller power consumption favored a gross receipts tax. It was necessary for a member of our legal staff to attend a field conference on February 13, 1941 to assist in reaching a compromise. A substitute for S.B. 179, providing a one per cent gross receipts tax in lieu of personal property taxes during the first five years and two per cent thereafter, was enacted into law. Personal property is defined in the bill to include poles, wires, lines, transformers, generating equipment, meters, machinery, buildings, fixtures, and improvements of every character upon land used in connection with the distribution, transmission and/or generation of electric energy. The bill became effective commencing with the tax year of 1941 (Chapter 282).

General. Attorney Wm. T. DePuy (19 Grand Forks) was in Bismarck throughout the legislative session (employed by Legal Division of State Highway Dept.); he effectively coordinated cooperative effort and handled legislation.

B. Defensive Program

Licensing Bill. The routine check of legislation (by DePuy on February 26, 1941) disclosed H.B. 141, amending the electrical

[illegible]

[illegible]

APPENDIX [illegible]

[illegible]

[illegible]

licensing and inspection law of 1919, without materially affecting rural installations. Effective March 8, 1941 (Chapter 227).

Constitutional Amendments - 1940 Election: Taxation. On the November 1940 election ballot, constitutional and statutory tax changes which may have affected our borrowers were submitted on initiative; all were defeated.

C. Collateral Legislation

Enacted. H.B. 61, approved February 21, 1941 restricts the use of the word "cooperative" to cooperative corporations and associations.

S.B. 164, approved March 18, 1941 creates a State Board of Plumbing and provides for licensing and inspection.

D. 1943 Program

The sole item carried over is that of exemption from present Commission jurisdiction over plans and specifications which should be carefully reconsidered on the basis of the experience of the ensuing two years. The exercise of this jurisdiction does not appear to have presented acute problems in the past. It may be well to let sleeping dogs lie.

A question may be raised with respect to the application of the tax bill (S.B. 179) which is ambiguous as to the commencement of the five-year period during which the rate is one per cent, in the case of cooperatives which generated or distributed electric energy prior to January 1, 1941. The question may be capable of administrative determination; however, clarifying legislation may be required.

[illegible] [illegible] exemption law of 1939, [illegible] [illegible] [illegible] [illegible] relations. Effective March 6, 1941 (Chapter 99).

Constitutional Amendments - 1940 Election: Taxation. [illegible] [illegible] ember 1940 [illegible] limit, [illegible] [illegible] change [illegible] effect [illegible] taxpayer [illegible] initiative [illegible] adopted.

C. Collateral Legislation

[illegible] 61, approved February 11, 1941 [illegible] word "cooperative" [illegible] [illegible] other [illegible].

S.B. 164, approved [illegible] 1941 [illegible] ing and providing [illegible] cooperatives.

D. 1943 Program

The sole item carried over is that of exemption from State Commission jurisdiction over plans and specifications which should be carefully reconsidered in the light of the experience of the ensuing two years. The exercise of this jurisdiction does not appear to have presented serious problems in the past. It may be well to let sleeping dogs lie.

A question may be raised with respect to the application of the tax bill (S.B. 179) which is ambiguous as to the commencement of the five-year period during which the rate is one per cent, in the case of cooperatives which generated or distributed electric energy prior to January 1, 1941. The question may be capable of administrative determination; however, clarifying legislation may be required.

1941 Ohio Legislation - Final Report
Session: January 6 to May 27, 1941

A. Affirmative Program

Model Act. Our Ohio borrowers are organized under the General Corporation Act. Although no particular difficulty in operation had been encountered, introduction of the model act was considered. It was decided not to proceed in order not to diffuse our borrowers' legislative efforts in connection with tax legislation.

Tax Legislation. With the court proceedings for tax relief for Ohio borrowers at an impasse, a definite program for tax legislation was organized, with the Ohio Project Superintendents' Association carrying the lead. Representatives of our legal staff conferred with cooperative representatives from time to time, resulting in the introduction of H.B. 552 and S.B. 215, companion bills. Speaker William M. McCulloch and Senator Fred R. Seibert, both project attorneys, actively supported the bills in their respective Houses. S.B. 215 was carried through to passage; was signed by the Governor on May 8, 1941 and became effective on August 8, 1941 as Chapter 119, Ohio Laws. The bill provides for the assessment of the transmission lines, transformers, wire, tools and all other property, excepting real estate, motor vehicles and intangible property owned by any rural electric company at 50% of its true value and money. The term "rural electric company" is defined to mean "any non-profit corporation, organization, association or cooperative engaged in the business of supplying electricity to its members or persons owning an interest therein in an area the major portion of which is rural." Enactment of this bill represents a definite step forward for our borrowers and solves our most serious problem in Ohio.

B. Defensive Program

Tax Legislation. The special additional excise tax of .65% of the gross receipts of electric light companies, to provide funds for poor relief, provided for in Chapter 117, Ohio Laws, Part 2 (1937-38), was extended to and including April 30, 1943 by Sub. H.B. 172 which became effective July 12, 1941, Chapter 119, Ohio Laws. A similar bill H.B. 484, also providing a tax of .65% on the gross receipts of utilities, to be used for old age pensions, died in the House. Another bill, H.B. 487, which would have increased to 6% the tax on gross receipts on utilities, for old age pensions, died in the Committee on Taxation

of the House. H.B. 612, which would have increased the excise tax on gross receipts of utility companies over $500,000 to 3% from the 2.35% base, also died in the House Committee. Our Ohio borrowers are subject to this excise tax. No formal action was taken by them for or against the bill.

C. Collateral Legislation

Failed. H.B. 199, which would have prohibited bond issues for municipal utilities which competed with privately owned utilities, was killed in Committee. H.B. 295, which required that the sale of public utility bonds shall be publicly advertised, and that the sale price thereof be not less than face value and accrued interest, was similarly disposed of.

D. 1943 Program

The experience of our borrowers under the General Corporation Act should be re-examined prior to the convening of the 1943 legislature, for the purpose of determining whether amendatory legislation is required, or whether the model act should be introduced.

[illegible]

[illegible]

C. Conferred Legislation

[illegible]

D. [illegible]

[illegible]

1941 Oklahoma Legislation - Final Report
Session: January 7 to May 23, 1941

A. Affirmative Program

Tax Legislation. Because of the tax experience of Oklahoma electric cooperatives in 1940, a program of tax legislation was initiated. A draft of a 2% gross receipts tax bill was prepared by the tax section of our legal staff and was the subject of a field conference with representatives of our borrowers. Much dissension was encountered, primarily on the question of compensating attorneys handling legislation. The bill was finally introduced as H.B. 252 and after a very rocky journey through the legislature, it was passed but vetoed by Governor Phillips on May 19, 1941, four days before adjournment of the session. The Governor's veto was based on constitutional grounds. There was insufficient time for our borrowers to marshall their legislative forces to secure the necessary votes to over-ride the veto.

Renewal Affidavits. The matter of securing an amendment of Section 11282, Oklahoma Statutes, to eliminate the necessity of renewal affidavits in respect to mortgages and deeds of trust issued to REA was considered. It was found inadvisable to seek the passage of this legislation.

B. Defensive Legislation

Appeals from Corporation Commission; Definition of "Public Service Corporation." S.B. 61 (H.B. 63) was enacted, becoming effective on April 28, 1941. It provides for amendment of Article IX of the Constitution, relating to appeals from action of the Corporation Commission. The definition of public service corporation is amended to include

> "all gas, electric, heat, light and power companies, and all persons, firms, corporations, receivers or trustees engaged in said businesses, and all persons, firms, corporations, receivers or trustees authorized to exercise the right of eminent domain or having a franchise to use or occupy any right of way, street, alley or public highway, whether along, over or under the same, in a manner not permitted to the general public, and all persons, firms, corporations, receivers and trustees engaged in any business which is a public utility or a public service corporation, at the present time or which may hereafter be declared to be a public utility or a public service corporation".

A. [illegible]

Tax Legislation. [illegible]

Proposed Affirmative. [illegible]

A. [illegible]

[illegible] Commission Guide [illegible]. [illegible]

This definition would seem broad enough to include our borrowers. However, the Rural Electric Cooperative Act of 1939 expressly exempts cooperatives from the jurisdiction and control of the Corporation Commission. It remains to be seen whether any attempt is made to include our borrowers within the jurisdiction of the Commission in view of the constitutional redefinition of the term "public service corporation". This bill did not come to our attention until after adjournment when a check of the enactments was made by project attorney P.E. Brown, at our request.

Tax Legislation. S.B. 271, making provision generally for the listing, assessment and equalization of property for taxation, was passed and became effective on May 23, 1941. Section 23 defines "public service corporation" very similarly to the definition in S.B. 61 (above). This Act will probably be applied to our borrowers since the Attorney General has ruled them to be subject to assessment by the Tax Commission as public service corporations. In general, the bill represents enactment of existing statutes with slight modifications. This bill also was brought to our attention by Mr. Brown after adjournment.

Repairing Emergency Breaks. H.B. 148 would require all corporations or individuals furnishing electricity to maintain at least one capable employee in each incorporated city or town to repair emergency breaks or disconnections. The bill was killed in the Committee on Public Service Corporations.

C. Collateral Legislation

Enacted. S.B. 92 providing for the regulation of the manufacture, sale, distribution and possession of explosives was enacted. The bill was approved by the Governor on May 14, 1941, on which day it became effective.

H.B. 403 was enacted, permitting administrators, executors and guardians to contract for easements for transmission lines, etc. The statute requires court application and hearing after publication. The bill was signed by the Governor on May 12, 1941, on which date it became effective.

Failed. S.B. 137 would have permitted public service corporations furnishing gas or electricity to any city or town in Oklahoma, for the purpose of stimulating their business, to loan money to consumers for the purchase of appliances. The bill specifically continued the prohibition of the sale of appliances by public service corporations. It was killed in the Senate Committee on Public Service Corporations, as was H.B. 510 providing a method for determining the value of properties of certain public utilities, and S.B. 268 relating to the purchase and sale of public utility properties and franchises.

This definition would seem broad enough to include [illegible]. However, the Rural Electric Cooperative Act of 1939 expressly exempts cooperatives from the jurisdiction and control of the Corporation Commission. It remains to be seen whether [illegible] to include our borrowers within the jurisdiction [illegible] of the [illegible] in view of the constitutional [illegible] the [illegible] the "public corporation". This bill [illegible] until after adjournment [illegible] Attorney [illegible]

Tax [illegible]. H.B. 271 [illegible] providing [illegible] and equalization of [illegible] effective [illegible] May [illegible], 1941 [illegible] "the [illegible] corporation" [illegible]. This [illegible] the Attorney [illegible] adjournment by the [illegible]. In general, the bill [illegible] letting [illegible] with slight modifications. This bill [illegible] brought to our attention by Mr. Brown after adjournment.

Requiring Emergency Breaks. H.B. 148 would require [illegible] furnishing electricity [illegible] least one [illegible] employed in such [illegible] to repair emergency breaks or disconnections. The bill was held in the Committee on Public Service Corporations.

C. Collateral Legislation

Enacted. S.B. 92 [illegible] for the [illegible] distribution and possession of [illegible] approved by the Governor on May [illegible], 1941, [illegible] to become effective.

H.B. 109 was enacted, permitting [illegible] ordinance [illegible] for [illegible]. The statute requires [illegible] action. The bill was signed by the Governor on May 12, 1941, which date it became effective.

Failed. S.B. 127 would have permitted public [illegible] for [illegible] electricity to any [illegible]

D. 1943 Program

1941 tax assessments of our borrowers are reported to show some reduction. Their tax experience should be examined to determine the advisability of attempting to secure enactment of tax legislation in 1943.

Amendment of Section 11282, Oklahoma Statutes, to eliminate the necessity of renewal affidavits in connection with mortgages and deeds of trust should be sought.

It is most important that we keep in close touch with our borrowers' operations for the purpose of determining whether any attempts are made to subject them to Corporation Commission jurisdiction, in view of the definition of "public service corporation" appearing in S.B. 61. The necessity of amending S.B. 61 and S.B. 271, for the purpose of specifically excluding our borrowers from the definition should be considered.

F. 1962 Program

[illegible] the amendments of our bonus [illegible] provided by [illegible] the [illegible] Joint tax [illegible] recommended by [illegible] the [illegible] ability of [illegible] concerning of the [illegible] 1962.

[illegible] of section 1[illegible] [illegible] statutory [illegible] mandatory of [illegible] of liquids in [illegible] [illegible] death [illegible] should be sought.

It is most important that [illegible] [illegible] operations for the purpose of determining [illegible] [illegible] made to enjoin the Government [illegible] jurisdiction, in view of the definition of "public [illegible] [illegible] 1[illegible], 91. The necessity [illegible] [illegible] 1[illegible], 1[illegible] the purpose of [illegible] [illegible] [illegible] the definition should be [illegible].

1941 Oregon Legislation - Final Report
Session: January 13 to March 15, 1941

A. Affirmative Program

Model Act. Our Oregon borrowers are organized under the Non-Profit Cooperative Association Act. Introduction of the model act was considered in 1939 but abandoned for lack of adequate sponsorship. Operation under the Non-Profit Cooperative Association Act has not encountered any great difficulties, absence of provision for proxy voting and the requirement of a two-thirds vote for mortgages being the only obstacles reported. Prior to the 1941 legislative session, one of our project attorneys, Gus J. Solomon, of Portland, and the Bonneville Power Administration indicated interest in the model act. Mr. Solomon arranged the introduction of the Electric Cooperative Act (S.B. 365) by Senator Kenin. After a rather chequered career in the Senate Committee on Railroads and Utilities, the bill died in Committee. Its demise is attributable partly to the lateness of its introduction, and partly to inadequate support because of lack of great need for the legislation. Mr. Solomon reports no open, organized power company opposition to the bill.

Amendatory Legislation. H.B. 466 amended section 77-506, O.C.L.A. (section 25-806, 1930 Code) relative to the term of office of directors. A term of not more than three years is prescribed in the bill which became effective as Chapter 219, Oregon Law, 1941, on June 14, 1941.

Although no loans have been made to the peoples' utility districts, because of the possibility of future development in this field, the following legislative developments are here reported:

Peoples' Utility District Legislation. S.B. 255 provided for amendment of sections 114-202, 114-245, 114-255, 114-257 and 114-259, O.C.L.A., relating to peoples' utility districts. The amendments cover definition of terms, power, issuance and sale of revenue and general obligation bonds, levy of taxes to meet general obligations, court determination of the regularity of the creation of any district and of the issuance of any bonds. The bill became effective on June 14, 1941, as Chapter 287, Oregon Laws, 1941.

H.B.365 adds a new section to the Peoples' Utility District Law, section 114-231a, providing for the appointment of a

[illegible]
[illegible] - [illegible]
[illegible] January [illegible] - [illegible] 15, [illegible]

A. [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

manager and prescribing his duties. It became effective on June 14, 1941 as Chapter 351, Oregon Laws, 1941.

S.B. 136 regulates employment of labor by peoples' utility districts, provides minimum wage scales and authorizes collective bargaining and arbitration. It became effective on June 14, 1941 as Chapter 398, Oregon Laws, 1941.

The amendatory program with respect to the Peoples' Utility District Law is reported to have been conducted in conjunction with the Bonneville Power Administration.

Peoples' Utility Districts - 1940 Election. A number of new peoples' utility districts were created and four districts were successful in carrying bond issues.

B. Defensive Program

A number of bills inimical to the rural electrification program were introduced. None of these bills were enacted.

Certificates of Convenience and Necessity. S.B. 124 would have required all public utilities, before undertaking any new construction or extensions to secure from the Commissioner of Public Utilities a certificate of convenience and necessity. The bill provided procedure in connection therewith. While it is doubtful that this bill would have applied to our borrowers, there was apparently some feeling among our borrowers that it represented a threat to the electric cooperative program. The bill was consequently opposed locally. At one point it appeared that the original bill would be withdrawn and a substitute bill introduced limiting the requirement of certificates to cities and towns over a certain population. However, the bill died in the Committee on Railroad and Utilities.

Safety Legislation. S.B. 135 would have given the Public Utilities Commissioner power to require that all telephone, telegraph, trolley, power, and other electric transmission lines be constructed, maintained and operated in accordance with standards of construction to be adopted by the Commissioner for the protection of the health and safety of employees and the public. The bill would have applied to our borrowers and to the utility districts. Inspection of the lines by the Commissioner of Labor was provided for, a fee of $1.00 per year per mile of line being prescribed for power lines. Cooperative telephone systems not operated for profit were exempted from the payment of the annual fee. The bill was amended in the Senate to reduce the fee to

[illegible]

[illegible]

[illegible]

50¢ per year per mile. Our borrowers attempted to secure exemption for the electric cooperatives, and failing that, opposed passage of the bill. We followed the situation closely, and at the request of one of our borrowers telegraphed advice to the effect that we required compliance with National Electric Safety Code standards in line construction, the telegram being intended for use before the Senate Committee. Thereafter, we were advised that the original bill would be amended to provide for an inspection once every five years, and for the filing of a certificate by the electric cooperatives in lieu of inspection by the Commissioner of Labor. The bill was defeated in the Senate.

Easement Legislation. An attempt was made to secure amendment of Section 61-701, 1930 Code, relative to the granting of rights of way for telegraph, telephone and power lines across highways and state owned lands, so as to exclude lands under the jurisdiction of the State Land Board. The bill, S.B. 13, passed the Senate, but died in the House Committee.

Tax Legislation. H.B. 338 would have imposed a tax on the consumption of electric energy equivalent to 15% of the selling price thereof in lieu of all ad valorem property taxes. All electrical enterprises would have been subject to the tax. H.B. 505 was substitued for H.B. 338. The substitute bill restricted the tax to sales of electric energy for consumption and not for resale, and reduced the tax to 12% of the sale price of the electric energy. Both acts provided that any savings entailed by the substitution of this gross receipts tax for the ad valorem tax should be taken into consideration by the Commissioner of Public Utilities in regulating rates. H.B. 505 is reported to have died in Committee.

H.B. 340 would have provided for a tax on the consumption of electricity, gas, water, central system heat and exchange telephone service equivalent to 8% of the selling price, the tax to be paid by the consumer and collected for the state by the distributors. Distributors would have included our cooperative borrowers and peoples' utility districts. All moneys received would be expended and distributed only for old age assistance. Exemption was provided for service rendered to individual users for household purposes to the extent of $3.00 per month on each service. This bill was withdrawn after reference to the Committee on Taxation and Revenue.

C. Collateral Program

Enacted. S.B. 28, amending Sections 110-520 etc. O.C.L.A. pertaining to the assessment of property and the levy, collection

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

C. Collect and Interest

[illegible]

and payment of taxes, was enacted as Chapter 9, Oregon Laws, 1941, effective June 14, 1941. The amended sections relate to the procedure in the event of an increase of assessments by the State Tax Commission, appeals thereon and equalization of assessments by the State Tax Commission. Section 110-542, O.C.L.A. was amended specifically to include cooperative organizations performing any utility service, the property of which is subject to taxation. Since our borrowers are subject to ad valorem taxation, this act applies to them.

H.B. 107 relating generally to the levy, collection and payment of taxes was enacted as Chapter 440, and will become effective on January 1, 1942. The bill represents a substantial overhauling of the state tax procedure. H.B. 499 relates generally to organization and operation of non-profit corporations. The bill validates the organization of all such corporations theretofore organized under Section 77-401, etc. O.C.L.A., including telephone, power, water companies and cooperative associations. This act does not affect any of the statutory provisions under which our borrowers are now incorporated. It became effective as Chapter 462, Oregon Laws, 1941, on June 14, 1941.

H.B. 85, which became effective as Chapter 148, Oregon Laws, 1941 on June 14, 1941, amends Sections 80-102 and 80-103, O.C.L.A. relative to the issuance of securities. Sub-section (k) of Section 80-103, as amended, expressly exempts stock or membership certificates issued by agricultural cooperative marketing or purchasing associations where such stock is issued to evidence membership or interest in reserves or patronage dividends.

S.B. 2 was enacted as Chapter 11, Oregon Laws, 1941, effective June 14, 1941. It provides for exemption from taxation of cooperative or mutual telephone properties operated without profit in money. The exemption does not apply to systems having cash values in excess of $2500, or operating switchboard exchange facilities. Individually owned systems are exempt provided they do not have a cash value in excess of $1500.

S.B. 369 was enacted as Chapter 366, Oregon Laws, 1941, effective June 14, 1941. It amends Sections 112-492, 112-493 and 112-494 relative to the issuance of securities by public utilities.

S.B. 119 was enacted as Chapter 177, Oregon Laws, 1941, effective June 14, 1941. It amends Section 112-428, O.C.L.A. providing for the establishment of through service, joint rates, charges and classification, and for the division of joint rates or charges. The Public Utility Commissioner is given jurisdic-

and payment of taxes, was enacted as Chapter 7, Oregon Laws, 1941, effective June 14, 1941. The amended section relates [illegible] in the form of an increase of securities by the Public Utilities Commissioner, [illegible] and equality [illegible] by the Public Utility Commissioner. Section [illegible] O.C.L.A., was amended [illegible] engaged in [illegible] any utility service, the property [illegible] be subject to taxation. Since our borrowers are subject to [illegible], this act applies to them.

H.B. 137 relating generally to the levy, collection and payment of taxes was enacted as Chapter 440, and will become effective on January 1, 1942. The bill represents a substantial rewriting of the [illegible] procedure. H.B. 409 relates generally to [illegible] of non-profit corporations. The bill authorizes the reorganization of all such corporations heretofore organized under Section 77-401, etc., O.C.L.A., including telephone, power, water companies and marketing associations. This act does not affect any of the statutory provisions under which our borrowers are now incorporated. It became effective as Chapter 462, Oregon Laws, 1941, on June 14, 1941.

H.B. 85, which became effective as Chapter 128, Oregon Laws, 1941, on June 14, 1941, amends Sections 80-102 and 80-109, O.C.L.A., relative to the licensing of contractors. Sub-section (b) of Section 80-109, as amended, expressly excepts from [illegible] cooperatives [illegible] of agricultural cooperative marketing, [illegible] associations [illegible] ownership or interest in [illegible] individuals.

S.B. 2 was enacted as Chapter 11, Oregon Laws, 1941, effective June 14, 1941. It provides for exemption from taxation of cooperative or mutual telephone [illegible] operated without profit in any way. The exemption does not apply to [illegible] having each valued in excess of $500, [illegible] facilities. Individually owned systems are exempt provided they do not have a gross value in excess of $150.

S.B. 260 was enacted as Chapter 356, Oregon Laws, 1941, effective June 14, 1941. It amends Sections 112-405, 112-407 and 112-414 relative to the issuance of securities by [illegible] utilities.

S.B. 119 was enacted as Chapter 177, Oregon Laws, 1941, effective June 14, 1941. It amends Section 112-428, O.C.L.A., providing for the establishment of physical connection, joint rates, charges and classification, and for the division of joint rates or charges. The Public Utility Commissioner [illegible]

tion over matters involving joint rates and charges.

H.B. 314 was enacted as Chapter 352, Oregon Laws, 1941, effective June 14, 1941. It empowers public corporations to cooperate with other public corporations or with United States governmental agencies in performing duties imposed upon them, or in exercising powers conferred upon them.

Failed. S.B. 134 would have amended Section 112-401 O.C.L.A. relating to the definition of the term "public utility". The amendment would have excluded cooperative telephone associations from the definition. The bill failed to pass.

D. 1943 Program

The need for enactment of the Electric Cooperative Act should be reexamined in the light of our borrowers' operating experience. If it is determined to seek enactment of the Act, it will be necessary to lay careful groundwork in the field. Unless our borrowers are convinced of the necessity of legislation, it will be difficult to marshal the required support. In the event enactment of the model act is not sought, the need for amendment of the Non-Profit Cooperative Association Act should be reexamined and any necessary amendments should be drafted and distributed to our borrowers for their consideration prior to the convening of the session.

The recent amendments to the Peoples' Utility District Law raise again the question of the utility of this law to the rural electrification program. Development of rural electrification in Oregon may turn in the direction of the peoples' utility districts. If developments in this direction occur, close correlation of our efforts with those of the Bonneville Power Administration is indicated.

Prior to the last session of the legislature, there was some discussion of the possibility of rearranging the tax situation of our borrowers. No affirmative program was undertaken, the efforts of our borrowers being devoted to defense against the various bills above referred to which would have imposed new and burdensome tax obligations on our borrowers.

Our experience during the 1941 session indicates the need for better coordination of our borrowers' legislative efforts.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

1941 Pennsylvania Legislation - Final Report
Session: January 7 to July 15 (18) 1941

A. Affirmative Program

Amendment to Preemption Law. An attempt was made to secure legislation strengthening and clarifying the preemptive rights with respect to territory, conferred upon electric cooperatives by Section 418 of the Public Utility Law. With the assistance of our legal staff, H.B. 1482 was prepared and introduced in the House of Representatives, where it was passed on June 10, 1941, 124 to 16. In the Senate, as S.B. 1181, it was referred to the Committee on Public Utilities where it remained at the adjournment of the session, notwithstanding the determined efforts of our borrowers to secure favorable report. The fight was carried to the floor of the Senate by a motion to discharge the Committee from further consideration of the bill. The motion was defeated on July 10 by a vote of 28 to 16. It was reported that effective power company opposition can be credited with the defeat of this bill.

Other Amendatory Legislation. Our Pennsylvania borrowers are organized under the Electric Cooperative Corporation Act of 1937 which provides for amendment of bylaws by the directors rather than by members. It was suggested by Mr. Udo Rall that the bylaw amendment provision be amended in view of the danger of action by the directors in disregard of the bylaws. This recommendation was based upon several court decisions which had come to Mr. Rall's attention to the effect that since the Board of Directors had the power to adopt and amend bylaws, it had the right to waive bylaws unless restricted by statute. In view of the legislative situation, it was not deemed advisable to seek its amendment.

Legislative Endorsement of Program. Following the difficulties encountered by the farmers of Cumberland County, H. Res. 16 was introduced containing a statement of a pledge of cooperation of the House with the Pennsylvania farmers for more liberal legislation in the field of rural electrification. The resolution was referred to the Committee on Agriculture on February 10,1941, and no further action was taken. However, on February 11, 1941, H.Res. No. 21 covering the same subject matter was introduced, referred to the Committee on Agriculture, reported as committed on the same date and adopted on February 17 by a vote of 204 to 0.

1941 Pennsylvania Legislation - Final Report
Session: January 7 to July 15 (18) 1941

A. Affirmative Programs

Amendment to Freemption Law. An attempt was made to secure legislation strengthening and clarifying the preemptive rights with respect to territory, conferred upon electric cooperatives by Section 418 of the Public Utility Law. With the assistance of our legal staff, H.B. 1828 was prepared and introduced in the House of Representatives, where it was passed on June 10, 1941, 124 to 16. In the Senate, as S.B. 1181, it was referred to the Committee on Public Utilities where it remained at the adjournment of the session, notwithstanding the determined efforts of our borrowers to secure favorable report. The fight was carried to the floor of the Senate by a motion to discharge the Committee from further consideration of the bill. The motion was defeated on July 10 by a vote of 22 to 14. It was reported that effective power company opposition can be credited with the defeat of this bill.

Other Amendatory Legislation. Our Pennsylvania borrowers are organized under the Electric Cooperative Corporation Act of 1937 which provides for amendment of bylaws by the directors rather than by members. It was suggested by Mr. Udo Hall that the bylaw amendment provision be amended in view of the danger of action by the directors in disregard of the bylaws. This recommendation was based upon several court decisions which had come to our Rural attention in the effect that where the Board of Directors had the power to adopt and amend bylaws, it had the right to waive bylaws unless restricted by statute. In view of this interpretive situation, it was not deemed advisable to seek the amendment.

Legislative Endorsement of Program. Following the difficulties encountered by the farmers of Cumberland County, H. Res. 16 was introduced containing a statement of a pledge of cooperation of the House with the Pennsylvania farmers for more liberal legislation in the field of rural electrification. The resolution was referred to the Committee on Agriculture on February 17, 1941, and no further action was taken. However, on February 11, 1941, H.B. No. 21 covering the same subject matter was introduced, referred to the Committee on Agriculture, reported as amended [illegible] and adopted on February 17 by a vote [illegible] to [illegible].

B. Defensive Program

Electrical Licensing and Inspection Bill. The introduction of H.B. 637, a state electrical licensing and inspection bill, was brought to our attention. Upon examination, it was found to contain the usual burdensome provisions. The bill was brought to the attention of our borrowers and also of Senator H. Jerome Jaspan, of Philadelphia, who also assisted in the effort to secure passage of H.B. 1482. Our borrowers communicated their opposition to this bill to their representatives. The bill was recommitted and failed to pass.

Radio Interference Bill. H.B. 64 would have required the relocation of electric light, telephone and telegraph wires in rural areas at a distance of not less than 500 feet from any highway and the insulation of wires and cables to eliminate interference with automobile radio reception. The bill would also have required relocation of any lines so that they would be situated not less than 500 feet from any flying field. Violation of the provision would have been a misdemeanor. This bill was recommitted and did not pass.

C. Collateral Legislation

An unusually large number of bills relating to public utilities, all of collateral interest to the program, came to our attention. A check was made of all of these bills, in fact of all legislation introduced during the session.

Enacted. H.B. 232 (S.B. 916) amended the gross receipts tax law by increasing for an additional period of time the tax on gross receipts of certain public service companies, including electric light, water power and hydro-electric companies. The 20 mill rate is continued until December 31, 1942. Thereafter, the rate is to be 8 mills. The Act became effective upon approval by the Governor on May 29, 1941 as Act No. 37. This tax is not paid by Pennsylvania electric cooperatives.

H.B. 229 (S.B. 487) amended the State tax on liquid fuel used in internal combustion engines for the generation of power by continuing the emergency additional tax of 1¢ per gallon for an additional period ending on May 31, 1943. The bill became effective upon approval by the Governor on May 29, 1941, as Act No. 35. None of our Pennsylvania borrowers operate generating plants.

S.B. 782 (H.B. 1690) amended Section 1201 of the Public Utility Laws relative to the assessment of regulative expenses upon public utilities by providing for pro-rating of such expenses in

D. Defensive Program

Electrical Licensing and Inspection Bill. The introduction of H.B. 637, a state Electrical Licensing and Inspection bill, was brought to our attention. Upon examination, it was found to contain the usual burdensome provisions. The bill was brought to the attention of our borrowers and also of Senator H. Jerome Hasson, of Philadelphia, who also assisted in the effort to secure passage of H.B. 1482. Our borrowers communicated their opposition to this bill to their representatives. The bill was recommitted and failed to pass.

Radio Interference Bill. H.B. 64 would have required the reduction of electric light, telephone and telegraph wires in rural areas to a distance of not less than 500 feet from any highway and the insulation of wires and cables to eliminate interference with automobile radio reception. The bill would also have required relocation of any line so that they would be situated not less than 500 feet from any flying field. Violation of the provision would have been a misdemeanor. This bill was recommitted and did not pass.

C. Collateral Legislation

An unusually large number of bills relating to public utilities, all of collateral interest to the program, came to our attention. A check was made of all of these bills, in fact of all legislation introduced during the session.

Enacted. H.B. 242 (S.B. 916) amended the gross receipts tax law by increasing for an additional period of time the tax on gross receipts of certain public service companies, including electric light, water power and hydro-electric companies. The 20 mill rate is continued until December 31, 1942. Thereafter, the rate is to be 8 mills. The Act became effective upon approval by the Governor on May 29, 1941 as Act No. 37. This tax is paid by Pennsylvania electric cooperatives.

H.B. 229 (S.B. 487) amended the State tax on liquid fuel used in internal combustion engines for the generation of power by continuing the emergency additional tax of 1½ mills for an additional period ending on May 31, 1942. The bill became effective upon approval by the Governor on May 29, 1941, as Act No. 35. None of our Pennsylvania borrowers operate gasoline pumping plants.

S.B. 782 (H.B. 1690) amended Section 1201 of the Public Utility Law relative to the assessment of regulatory expenses upon public utilities by providing for pro-rating of such expenses in

the event of an investigation by the Commission of the affairs of two or more utilities jointly. This Act became effective upon its approval by the Governor on July 8, 1941, as Act No. 128.

Failed. H.B. 817 would have amended the General State Authority Law by authorizing the Authority to construct and maintain desilting basins or water clarification and coal recovery works, and in connection therewith to construct and operate electric generating stations and appurtenances for the production of electric current from recovered coal, such current to be sold upon satisfactory terms to existing electric utility companies, or to the Federal Rural Electrification Administration for distribution. The bill died in Committee.

A Municipal Utility Law, H.B. 2, would have authorized cities, boroughs, towns and townships to acquire, operate, sell, lease, etc. generating and distribution facilities for electricity. The bill was defeated in the House 56 to 90. An attempt to secure reconsideration failed.

H.B. 67 and H.B. 134 would have subjected to taxation properties owned by public service companies. Both bills died in Committee.

H.B. 847 would have amended Section 301 of the Public Utility Law to subject only those municipalities which were operating utility facilities outside their corporate limits in competition with existing public utilities to the jurisdiction of the Public Utility Commission. This attempt to liberalize the Public Utility Law with respect to municipal plants failed.

H.B. 1583, in the guise of controlling inflation during the National Defense Emergency, would have placed an annual tax of 10% on the gross annual income increases of all public utility companies except cooperative associations. The bill died in Committee.

H.B. 1086 would have amended Section 303 of the Public Utility Law by requiring that every bill or statement issued to consumers by any public utility have plainly written or printed thereon such portion of the tariffs or rates as is applicable to the particular service involved. H.B. 1452 would have required each gas, electric and water company at the time of reading the service meter to leave with the consumer a meter reading. H.B. 133 provided for inspection of public utility meters and penalized the use of false meters. H.B. 1449 would have amended Section 401 of the Public Utility Law by prohibiting public utilities from imposing penalties for failure to pay meter charges promptly.

H.B. 1391 would have amended the provisions of Section 311 of the Public Utility Law relating to the determination of the value of public utility properties for rate making purposes. None of these bills was reported out of Committee.

H.B. 129 would have amended the Public Utility Law by adding two new Sections 314 and 315, prohibiting any penalty greater than the legal rate of interest for non-payment of meter charges, and also prohibiting any minimum charges. This bill passed the House 105 to 52; in the Senate, as S.B. 1175, it died in Committee.

D. 1943 Program

The 1937 Electric Cooperative Corporation Act requires some amendment. However, the receptiveness of the 1943 legislature should be considered before any bills in this direction are introduced. Another attempt should be made to secure enactment of a bill similar to H.B. 1482, strengthening the preemptive rights of the cooperatives. The Pennsylvania legislative situation will bear careful watching.

H.B. 1297 would have amended the provisions of Section 301 of the Public Utility Law pertaining to the determination of the value of public utility properties for rate making purposes. None of these bills was reported out of Committee.

H.B. 129 would have amended the Public Utility Law by adding two new Sections 314 and 315, prohibiting any penalty greater than the legal rate of interest for non-payment of meter charges, and also prohibiting any minimum charges. This bill passed the House 109 to 39; in the Senate, as S.B. 1175, it died in Committee.

D. 1963 Program

The 1957 Electric Cooperation Corporation Act requires some amendment. However, the preoccupiedness of the 1963 legislature should be considered before any bills in this direction are introduced. Another act also should be made to secure enactment of a bill similar to H.B. 1363, strengthening the prosecutive rights of the cooperatives. The Pennsylvania legislative situation will bear careful watching.

1941 South Carolina Legislation - Final Report
Session: January 14 to May 24, 1941

A. Affirmative Program

Tax Legislation. Because of the transfer, pursuant to the Williams Act, of the REA financed systems from the South Carolina Rural Electrification Authority to the electric cooperatives organized under the 1939 Rural Electric Cooperative Act, it developed that the properties would be subject to taxation. A program for legislative tax exemption was pursued with the assistance of the Tax Section of our Legal Division. Four bills relating to tax exemption were introduced, H.B. 203, H.B. 212, H.B. 372 and S.B. 170, the latter two being companion bills. The bills as originally introduced provided for complete tax exemption. During the course of the campaign for enactment of the bill, it was found advisable to limit the exemption to a period of five years. The exemption extends to all state, county, school, municipal and special taxes. The bill which was finally enacted, S.B. 170, also provides for similar exemption for private power company electric lines constructed after the enactment of the law in rural territory previously not receiving service. S.B. 170 was approved by the Governor on June 11, 1941, on which date it became effective.

Easement Legislation. On his own initiative, James E. Leppard, project attorney for South Carolina 21 Lancaster, prepared and had introduced H.B. 770 providing a six month period of limitation on proceedings relative to rights-of-ways granted to rural electric cooperatives. The bill was not introduced until May 7, 1941 and did not receive favorable consideration, being continued until the 1942 session of the legislature.

B. Defensive Program

No legislation inimical to the Rural Electrification program was brought to our attention.

C. Collateral Legislation

Since bills are not printed until they have been reported by the Committees to which they are referred, we were unable to secure copies of several bills of collateral interest to the Rural Electrification program. Our reports on these bills are

1941 South Carolina Legislation - Final Report
Session: January 14 to May 24, 1941

A. Affirmative Program

Tax legislation. Because of the transfer, pursuant to the Williams Act, of the 16% financed systems from the South Carolina Rural Electrification Authority to the electric cooperatives organized under the 1939 Rural Electric Cooperative Act, it developed that the properties would be subject to taxation. A program for legislative tax exemption was mapped with the assistance of the Tax Section of our Legal Division. Four bills relating to tax exemption were introduced, H.B. 269, H.B. 414, H.B. 272 and S.B. 170, the latter two being omnibus bills. The bills as originally introduced provided for complete tax exemption. During the course of the committee for amendment of the bill, it was found advisable to limit the exemption to a period of five years. The exemption extends to all state, county, school, municipal and special taxes. The bill which was finally enacted, S.B. 170, also provides for similar exemption for private power company electric lines constructed after the enactment of the law in rural territory previously not receiving service. S.B. 170 was approved by the Governor on June 11, 1941, on which date it became effective.

Amendment legislation. On his own initiative, Mr. R. Lappard, president of Attorney for South Carolina 21 Association, prepared and had introduced H.B. 270 providing a six month period of limitation on proceedings relative to rights-of-ways granted to rural electric cooperatives. The bill was not introduced until May 7, 1941 and did not receive favorable consideration, being continued until the 1942 session of the legislature.

B. Legislative Program

[illegible]

C. Constitutional Amendments

[illegible]

consequently quite spotty.

Enacted. S.B. 234, validating the establishment of a combined public utility system by the City of Greenwood, composed of its water works, electric light and sewer systems was enacted into law as Act 85, approved by the Governor on March 13, 1941. A companion bill H.B. 267 was killed in committee; a bill covering the same subject matter, S.B. 225 was continued to the 1942 session.

H.B. 554, Governor's No. 299, Laws 1941, effective May 7, 1941, empowers the City of Georgetown to purchase machinery and equipment for municipal electric light plant and issue revenue bonds and levy taxes therefor.

Failed. A number of bills relating to the operations of the South Carolina Public Service Authority were introduced. None of them passed; all were continued to the 1942 session. S.B. 64 and S.B. 67 would have required the Authority to submit any proposal to purchase any existing power company to, and to obtain the approval of, the General Assembly before any such purchase was made. S.B. 95 would have required that all properties theretofore or thereafter acquired by the Authority be returned for purpose of taxation in the counties, school districts and municipalities where the properties are located, and that they be subject to all state, county, school district, and municipal levies. S.B. 167 would have provided for the acquisition by the Authority of existing utility companies, and would have required the payment of taxes thereon. H.B. 161, S.B. 239 would have amended the Public Service Authority Act to provide for the payment of a tax equivalent to certain counties and school districts and municipalities therein.

D. 1942 Program

Passage of appropriate easement legislation is the sole item of business remaining over from the 1941 session.

consequently quite apathy.

Enacted. S.B. 234, validating the establishment of a combined public utility system by the City of Greenwood, composed of its water works, electric light and sewer systems was enacted into law as Act 85, approved by the Governor on March 15, 1941. A companion bill H.B. 167 was killed in committee; a bill covering the same subject matter, S.B. 225 was continued to the 1942 session.

H.B. 354, Governor's No. 229, Laws 1941, effective May 7, 1941, empowers the City of Beaverdown to purchase machinery and equipment for municipal electric light plant and issue revenue bonds and levy taxes in order.

Failed. A number of bills relating to the operations of the South Carolina Public Service Authority were introduced. None of them passed; all were continued to the 1942 session. S.B. 64 and S.B. 67 would have required the Authority to submit any proposal to purchase any existing power company to, and to obtain the approval of, the General Assembly before any such purchase was made. S.B. 95 would have required that all properties therefore or then after acquired by the Authority be returned for purposes of taxation in the counties, school districts and municipalities where the properties are located, and that they be subject to all state, county, school district, and municipal taxes. S.B. 167 would have provided for the acquisition by the Authority of existing utility companies, and would have required the payment of taxes thereon. H.B. 141, S.B. 229 would have amended the Public Service Authority Act to provide for the payment of a tax equivalent to certain counties and school districts and municipalities therein.

D. 1942 Program

Passage of appropriate assessment legislation is the solid item of business remaining over from the 1941 session.

1941 South Dakota Legislation - Final Report
Session: January 7 to March 7, 1941

A. Affirmative Program

General. Amendment of general cooperative law so that it could be used in place of the general corporation law, or the introduction of the Electric Cooperative Act was considered. Because of the limited scope of the program and previous unhappy legislative experience, prospects for either were considered poor. In fact, we were reluctant to employ the channels previously used and were unable to secure other sponsorship.

Our hand was forced when we received inquiry from B. H. Schaphorst, attorney for 12 Minnehaha, concerning the further amendment of a telephone interference statute which had beem amended in 1939 in such a manner as to require our borrowers to pay part of the metallacizing cost. Mr. Schaphorst handled this legislation in 1939. It was decided to explore the possibilities through Schaphorst, particularly because of the urgent need for lightening of the telephone metallicizing burden. A draft bill, containing amendments to the general cooperative law, and the Electric Cooperative Act, were submitted to Schaphorst. Schaphorst's reaction to the model act was negative on the theory that it was "special legislation". He urged action with respect to telephone legislation and tax relief, referring to a meeting of representatives of four of the projects held on January 31, at which it had been decided that legislation in these two fields was necessary. We were not advised of this meeting. Because of the questions raised, it was necessary to reaffirm our policy against further financing of the cost of metallicizing. Schaphorst had submitted a draft of amendment to the telephone statute which was revised by the legal staff. A draft of tax bill was prepared by the legal tax section and furnished to Schaphorst. Pending word from Schaphorst as to introduction and status of the various bills, we were advised of the introduction of H.B. 144 (discussed infra). A member of the legal staff was immediately dispatched to South Dakota to analyze the situation on the ground and to marshal the necessary support and opposition to the bills affecting the program.

Tax Bill. As a result of his efforts and with the assistance of Representative O. H. Hove, of Colman, the tax bill was amended by substituting a two per cent gross receipts tax for one providing for an annual payment of $10. per 100 members. The sponsors found it necessary to revise the bill to include the rural properties of all electric companies. This bill as

[illegible]

[illegible]

[illegible]

[illegible]

amended (H.B. 310) was later passed (approved March 11, 1941). It provides for payment of two per cent of the gross receipts of companies distributing electric energy in rural areas to consumers averaging not more than four to one mile of line in lieu of personal property taxes. "Personal property" is defined. The Retail Occupational Sales Tax is specifically continued.

Telephone Interference Bill. S.B. 214, amending the telephone interference statute, to remove the burden of paying for part of the cost of metallicizing from our borrowers, was sponsored by Senator Irwin R. Erickson, attorney for 3 Clay. It was opposed, as expected, by the telephone companies and was lost in the Senate.

Cooperative Law Amendments. H.B. 307, providing for the amendments to the general cooperative law, suggested by us, was introduced by Representative Sam K. Ulrickson, a director of 7 Lincoln, but did not come out of committee. No strenuous effort was made to secure passage of this bill for fear that the rest of the program would be endangered.

Electric Cooperative Act. H.B. 306, the Electric Cooperative Act, also introduced by Representative Ulrickson, similarly died in committee.

The sponsors of the rural electrification legislative program subordinated all of the legislation to the task of securing passage of the tax bill.

B. Defensive Program

Commission Regulation. Midway in the session we were advised by 12 Minnehaha that 11 Pennington was sponsoring H.B. 144, which would extend the jurisdiction of the public utilities commission over cooperatives. Immediate action in the field resulted in the bill being reported out of committee without recommendation, and being subsequently tabled in the House. During the course of the campaign, it developed that Representative G. W. Mills, a member of 11 Pennington, was the sponsor and that he was primarly motivated by a desire to set up an agency to protect the South Dakota cooperatives from the REA. Opposition of all the cooperatives, including 11 Pennington, was enlisted. An attempt to secure amendment of the bill providing exemption for the cooperatives was opposed by Dr. Mills and by the private power companies which appeared actively in opposition to the amendment. However, our borrowers succeeded in having the bill tabled in the House.

C. Collateral Legislation

Enacted.* The legislature passed S.B. 307 (approved and effective March 6, 1941) permitting the governing bodies of municipalities to contract for the purchase of electricity for not more than ten years (forty years if from the United States, or an agency thereof) and to make annual appropriations therefor.

Failed. S.B. 33, permitting public corporations to contract with cooperative associations notwithstanding any interest in the cooperative on the part of an officer of the public corporation, failed to pass.

D. Future Program

Immediate Need for Education. Our 1941 legislative experience in South Dakota disclosed the urgent need for a thorough educational campaign in this state (a) to bring the program to the people generally, and (b) to impress the principles of cooperation on our borrowers. The public miscomprehension of what REA is and how it operates was astounding; the complete lack of coordination of our borrowers appalling. The cooperatives which were in the construction stage were concerned only with telephone interference problems; those with lines energized were interested in taxes; all were disinterested in securing a more workable statutory basis of organization and operation. Opposition to the very dangerous commission bill was motivated not by an appreciation of the harm to the rural electrification program entailed, but by a fear that REA would curtail allotments. The following action is recommended:

A. Preparation of a statement explaining the REA program, the relationship of REA to its borrowers, the extent of the program in South Dakota, to be distributed generally by our borrowers as their work. Each member of the past legislature and candidates for the 1943 legislature should be reached and educated through our borrowers.

B. A statewide conference should be called, to be attended by representatives of the Legal, Loans and Applications and Cooperatives' Operations Divisions of REA, at which the legislative program should be thoroughly discussed and explained. The need for cooperative action on all fronts should be explained and groundwork laid for effective coordination on all problems of statewide scope.

*See addendum on page 4.

C. Continued Legislation

[illegible]

D. [illegible]

[illegible]

A. Preparation of a study and regulations for RCA programs, the responsibility of GEA to the Department, the Secretary in South Dakota to be distributed [illegible]

REA policy on financing telephone metallicizing should be clearly and definitely stated. The relationship of REA and its borrowers should be carefully explained. Thereafter, the REA representatives should make themselves available to the representatives of the individual cooperatives for the clarification and settlement of all problems.

1943 Legislative Program. Amendment of the telephone interference statute leads the list. It is important also that the general cooperative law be amended along the line of H.B. 307, or that the Electric Cooperative Act be enacted. The application of the new tax law should be carefully checked to determine whether any amendments are necessary. We should be prepared also to meet an attempt to enact a public utilities commission bill.

Addendum.
Collateral Legislation - Enacted.

H.B. 74, approved February 18, 1941, amends Section 44.0336, S.D. Code 1939, relative to the size, weight and load of motor vehicles.

H.B. 140, approved February 27, 1941, amends Sections 18.0101, 18.0102, 18.018 and 18.019, S.D. Code 1939, relating to licensing of engineers, architects and surveyors.

H.B. 278, approved March 12, 1941, a rural zoning act, empowers boards of county commissioners to adopt zoning regulations and to set up zoning commissions.

1941 Tennessee Legislation - Final Report
Session: January 6 to February 15, 1941

A. Affirmative Program

No affirmative legislative program was planned or conducted in Tennessee.

B. Defensive Program

Electrical Licensing and Inspection Bill. H.B. 778, S.B. 526, setting up a State Electrical Board and containing the usual licensing provisions was introduced apparently upon the instance of the IBEW (AFL). The opposition of state officials, including Governor Cooper and friendly legislators, and of our cooperative borrowers, resulted in the bill's demise in committee in the House. The companion Senate bill was withdrawn. This bill was expressly aimed at our borrowers' installations.

C. Collateral Legislation

Enacted. The Abandoned Property Law (Chapter 161, P.A. 1939; 5 Williams Tennessee Code Ann. (1940 Cum. Supp.) Chapter 10A) was repealed by S.B. 58 (Chapter 9, P.A. 1941). This law defined "public utility" to include every electric company and provided that consumer deposits unclaimed for 15 years after termination of service be deemed abandoned property and turned over to the State.

Failed. S.B. 606, H.B. 483 would have required every municipality, power board, public power body, or other political subdivision of the State, generating and distributing electric energy to pay, from its revenues, a tax equivalent to the State and the counties in which it operates. These bills died in Committee.

S.B. 35, H.B. 56, amending Section 5448 of the Code defining "public utilities" and relating to disposition of utility property, failed to pass.

D. 1943 Program

No legislative needs are now known.

1941 Texas Legislation - Final Report
Session: January 14 to July 3, 1941

A. Affirmative Program

General. Our Texas borrowers are organized under the Electric Cooperative Corporation Act of 1937. Some consideration was given to the amendment of the Act to provide for: by-law amendment by members instead of directors; elimination of the provision for service to members only; new provision permitting cooperatives to organize other cooperatives; and elimination of limitation on the use of the word "cooperative" by foreign corporations. However, in the absence of pressing need for these changes, and since no other affirmative legislative program developed, these revisions were not sought. Several of our Texas borrowers considered a campaign to secure the enactment of tax legislation which would exempt their properties from ad valorem taxes. No action was taken in this direction.

B. Defensive Program

Zoning Bills. Four bills came to our attention which were potentially detrimental to the Texas rural electrification program. The effect of these proposals would be to set up several small zoning bodies within the State to zone the territory in practically all rural sections. H.B. 245 would have provided for city planning and the creation, organization and powers of planning commissions. H.B.246 would have authorized any city or town, however incorporated, to attach land and territory not in any town or city and within five miles of the limits of such town or city for zoning purposes. H.B . 253 would have granted authority to cities to control platting of surrounding territory, and to provide that approval of a plat should constitute an amendment to the master city plan. H.B. 254 would have authorized commissioners' courts of counties with a population of not less than 75,000 to provide for county planning and zoning. Included in these proposals was the power to fix the locations for public utilities' terminals whether "publicly or privately owned". These measures were successfully opposed by our borrowers and all were defeated in committee.

Electrical Licensing and Inspection Bill. The usual form of inspection and licensing bill was introduced, H.B. 244. It was successfully opposed by our borrowers.

[illegible] Texas Legislature - Final Report
[illegible] January 31 to July 3, 1963

[illegible] Administrative Program

General. [illegible]

[illegible] Legislation

Zoning Bills. Four bills came to our [illegible] effectively restricted to the Texas rural [illegible] zoning process. The effect of these proposals would be [illegible] zoning in peacetimes with the State to [illegible] the territory in peacetime all rural sections. H.B. 245 would have provided for city planning and the creation, organization and powers of planning commissions. H.B.246 would have authorized any city or town, however incorporated, to attach land and territory not in any town or city and within five miles of the limits of any town or city for zoning purposes. H.B. 259 would have granted authority to grant a to control platting of unincorporated territory; and to provide [illegible] approval of a plat should [illegible] [illegible] other plan. H.B. 2[illegible] [illegible] zoning.

[illegible]

[illegible] Bill. [illegible]

Plumbing Licensing Bill. H.B. 290 would have established a system of licensing for plumbing installations. Section 9(b) of the bill specifically excepted plumbing done by farm owners on their own essential farm buildings or structures. This bill failed of passage.

Contractors' License Law. An attempt to secure enactment of a bill, H.B. 185, providing for the licensing of contractors, failed. The bill would have created a Contractors' State License Board with power to License "General Engineering", "General Building", and "Specialty" contractors. Section 2(c) would have exempted public utilities operating under the regulation of the Railroad Commission as to construction, maintenance and development work incidental to their own business. The bill which failed to pass would have created a new burden on our borrowers' operations.

C. Collateral Legislation

Enacted. H.B. 953, providing for the formation of non-profit corporations for the purpose of furnishing water supply or sewer service to towns, cities, private corporations, individuals, military camps and bases, was enacted. This was an emergency measure, enacted in connection with the national defense program.

H.B. 718, amending Chapter 4, Title 128, R.C.S. 1925 relating to elections upon the question of exclusion of lands from water districts where lands are annexed to cities or towns, was passed.

Failed. H.B. 413, granting cities and towns the right to acquire the property and business of public utilities by eminent domain after electorate approval, was killed.

H.B. 668, amending Art. 7060, R.C.S. 1925, providing for an increase in the Occupation Tax on utility companies was killed in Committee. Our Texas borrowers are exempt from excise taxes.

D. 1943 Program

Reexamination of the necessity for amendment of the Electric Cooperative Corporation Act should be made. It is quite probable that a move in the direction of ad valorem tax exemption will be initiated by some of our borrowers. The tax situation should be watched.

1941 Utah Legislation - Final Report

Regular Session: January 13 to March 13(17) 1941
First Special Session: March 17 to March 29,1941
Second Special Session: May 19 to June 12, 1941

I. Regular Session

A. Affirmative Program

Tax Legislation. Ad valorem tax relief was the sole item of legislation affirmatively sought by our borrowers. Garkane Power Association and Moon Lake Electric Association took the initiative in the program. With the assistance of our legal staff, a bill providing for complete exemption was drafted, after discussion with the Tax Commission had indicated that legislation would be necessary. After the Governor had assured the project representatives and our legal representatives of his support of such a measure, a substitute bill (H.B.157) providing for maximum assessment of $50 per mile of line for the purpose of ad valorem taxation was drafted, introduced and passed. The bill was approved by the Governor on March 25, 1941 and become effective on May 13, 1941 (Ch. 19, Laws of Utah, 1941). It contains a typographical error ("miles of primary distribution of transmission lines") which was not corrected in the published statutes.

B. Defensive Program

Project attorney Warren W. Porter reported on May 19, 1941 that no other legislation relating to the rural electrification program was enacted.

C. Collateral Legislation

Enacted. S.B. 79, effective May 13, 1941 as Chapter 5, Laws of Utah, 1941, amends existing statutory provisions relating to the regulation of refrigeration plants and licenses therefor.

S.B.7, effective May 13, 1941 as Chapter 14, Laws of Utah, 1941, amends existing statutory requirements as to entry on the index of discharge of chattel mortgage.

H.B. 38, effective May 13, 1941 as Chapter 15, Laws of Utah, 1941, relates to the destruction of chattel mortgages discharged of record or on file for 10 years or more without renewal.

S.B. 294, effective March 18, 1941, as Chapter 65, Laws of Utah, authorizes the assessment and collection by the state tax commission of a utility regulation fee for 1941 in the amount of $50,000, and for 1942 in an additional amount, in accordance with Chapter 64, Laws of Utah, 1935, as amended by Chapter 85, Laws of Utah, 1939.

Failed. H.B. 23, providing exemption from taxation of power plants, power transmission lines and other property used for generating and delivering electrical power, a portion of which is used for pumping water for irrigation purposes, and giving the State Tax Commission regulatory power, was killed in the House.

S.B. 189, permitting municipal corporations to construct power lines and sell electric energy outside their corporate limits, and to exercise the right of eminent domain in acquiring rights of way was killed in the Senate.

D. 1943 Program

The terminology of the tax bill as it appears in the published session laws continues the typographical error above referred to. Our borrowers' experience should be followed to determine whether legislative correction is necessary.

Prior to the 1941 session, Mr. Rall suggested the advisability of securing amendment of the General Cooperative Act to secure election of officers by directors rather than by members as at present. It was also suggested that elimination be sought of present requirements that directors be bonded and that membership certificates be cleared through the Securities Commission. In view of the restricted program, and the apparent lack of room for expansion, it was decided not to press these matters. They should be reconsidered prior to the 1943 session.

II. First Special Session

No legislation directly affecting or related to the rural electrification program is reported to have been introduced or enacted during this session. The following bills of collateral interest were passed:

Collateral - Enacted. S.B. 7-X, effective July 1, 1941, or earlier upon proclamation of the governor, creates the State Commission of Business Regulation, composed of three members to be appointed by the governor with the consent of the Senate, to perform such duties as may be prescribed by law. The law provides that the members of the Commission shall be the members of the Public Service Commission.

S.B. 8-X, effective on the same dates as S.B. 7-X, terminates the terms of office of the present members of the Public Service Commission and replaces them with the members of the Commission of Business Regulation.

III. Second Special Session

No legislation directly affecting or related to the rural electrification program is reported to have been introduced or enacted during this session. The following bill of collateral interest was passed:

Collateral - Enacted. S.B. 4-XX, "The Explosives Act", effective upon declaration of an emergency by the Governor, regulates the manufacture, sale, distribution, use and possession of explosives, and fixes license fees therefor. The act, by its terms, terminates upon declaration by the Governor that the emergency is over. It was one of several defense enactments with which this session was concerned.

[illegible]

[illegible]

III. Second Special Session

[illegible]

[illegible]

1941 Vermont Legislation - Final Report
Session: January 8 to April 10, 1941

A. Affirmative Program

Model Act. Enactment of the Electric Cooperative Act, House Bill 112, was sought at the 1941 session. The bill was introduced by Representative Coburn of East Montpelier and was referred to the Committee on Corporations and Franchises. Representatives of the legal staff attended the hearing and delegates from the three Vermont projects appeared in favor of the bill. At the hearing no opposition was recorded. The utility lobby, which is especially powerful in Vermont, worked effectively against this legislation and it was impossible to obtain favorable action by the Committee. The local sponsors withdrew this bill from consideration of the legislature because adverse action appeared inevitable. In the closing days of the session a resolve exempting the Vermont rural electric cooperatives from jurisdiction of the Public Service Commission was suggested by Senator Paul S. Douglas. Such a resolve had previously been suggested by Mr. Miller, Superintendent of Vermont 8 Washington. This resolve was also referred to the Committee on Corporations and Franchises and later withdrawn by the sponsors inasmuch as adverse action was anticipated.

B. Defensive Program

No legislation has come to our attention which would adversely affect the cooperatives in this State.

C. Collateral Legislation

Enacted. The "General Municipal Plant Enabling Act" (H.B.216) which eliminates the necessity in Vermont of special legislation for municipalities desirous of furnishing themselves with gas or electricity, was enacted as Chapter 147, Acts of 1941, effective April 8, 1941. This measure was recommended by the Commission for the Study of Water Resources and Electric Energy established by the 1939 Assembly. Under this Act, regulation by the Public Service Commission in the same manner as private utilities is provided for.

S.B. 2, approved February 18, 1941, amends Section 5829, P.L. as amended by Act No. 30, 1937, relating to stock of corporations organized for profit.

S.B. 63, approved March 22, 1941, amends Section 5990, P. L. relating to admission to do business of foreign public service corporations.

H.B. 211, approved April 9, 1941, the "Explosives Act", regulates the manufacture, sale, distribution, use and possession of explosives.

Failed. H.B. 103, an act to authorize the Town of Shelburne to operate electric plants, was withdrawn.

H.B. 236, relating to issuance of securities and sale of assets of public service corporations, was also withdrawn.

D. 1943 Program

The model act should be introduced at the 1943 session. The farms in Vermont are about 37.2% electrified and extensive areas can be opened up. The utility lobby is well organized and is represented in both branches of the Assembly. Coordinated local demand for satisfactory legislation is essential to defeat the strong opposition which may be expected.

S.B. 2, approved February 18, 1941, repealing Section 8820, P.L. as amended by Act No. 30, 1947, relating to issue of corporation [illegible] and for profit.

S.B. 43, approved March 22, 1941, repealing Section 8870, P. L. [illegible] to administer to [illegible] of foreign public service [illegible] corporations [illegible].

[illegible] "Consolidation Act", [illegible] [illegible] and preservation [illegible].

[illegible] at the annual [illegible] of Shellfisheries [illegible] [illegible] were attended.

[illegible] leading to issuance of [illegible] and sale of marsh [illegible] public service commissions, was also attended.

D. [illegible]

The model [illegible] introduced at the 1943 session. The [illegible] in Vermont [illegible] 30-40 officialized and modernized and is [illegible] approved [illegible]. The ultimate hobby is well organized and is [illegible] in each branch of the Assembly. Coordinated local [illegible] for satisfactory legislation is essential to defeat the [illegible] amendments which may be accepted.

1941 Washington Legislation - Final Report
Session: January 13 to March 13 (15) 1941

A. Affirmative Program

Model Act. Our Washington cooperative borrowers are organized under the Non-Profit Corporation Act. Loans are also made to public utility districts. Introduction of the Electric Cooperative Act was considered and taken up with project attorneys, and also with the legal section of the Bonneville Power Administration. In view of the fact that our cooperative borrowers were not experiencing any great difficulty under the Non-Profit Corporation Act, and since the Supreme Court of Washington had held the cooperatives to be exempt from commission jurisdiction, there appeared to be no great need for the passage of the model act. Several questions were raised by project attorneys with respect to specific provisions of the act. It was decided not to seek passage of the act.

Amendatory Legislation. One of our project attorneys communicated with us advising us of difficulties encountered in amending articles of incorporation. The Non-Profit Corporation Act requires a two-third vote of all members. H.B. 462, amending the Non-Profit Corporatinn Act, provided for amendment of articles by a vote of two-thirds of those present at a meeting duly noticed, and after the amendment had been approved by a majority of the trustees. The bill was introduced under the sponsorship of the Washington State Cooperative Council. The bill also provided that a vote of not less than twenty-five per cent of the total membership of the corporation be required for adoption of any amendment. It failed of passage due to peculiar circumstances not associated with its contents. It is reported that the failure of the bill to pass may be attributed to a movement to discipline its legislative sponsor in connection with some totally unrelated activity on his part.

Other bills affirmatively affecting the Rural Electrification program, although not necessarily sponsored by our borrowers, were introduced as follows:

Public Utility District Legislation. H.B. 302 provides for the payment of a tax of 2% of the gross revenue derived from the sale of electric energy (exclusive of revenue from sales of electric energy for resale), in addition to any other taxes imposed upon public utility districts. The bill also authorizes cities and towns to levy and collect a gross receipts tax from public utility districts which distribute and sell electricity

[illegible] Washington [illegible] - [illegible] Report
[illegible] January 13 to [illegible] [illegible]

[illegible] Legislative Program

[illegible]

[illegible]

within the limits of such cities and towns. It also prescribes the time of election and term of office of public utility district commissioners. The public utility districts are authorized to compensate their commissioners and reimburse them for expenses. Section 7 of the bill, pertaining to the determination of compensation to be paid by the districts in eminent domain proceedings, was vetoed by the Governor. Section 8 authorizes the districts to enter into group insurance contracts for their employees. Section 9, validating the incorporation of all public utility districts was vetoed by the Governor. Section 10 restricts any attack upon the valid existence of the districts to the State of Washington, and imposes a six month limitation period upon any proceedings challenging the creation of the district. The bill was approved by the Governor on March 25, 1941, with the exception of Sections 7 and 9. It became effective on that date as Chapter 245, Laws of 1941. This bill is reported to have been worked out in conjunction with the public utility district attorneys and to be satisfactory to the Bonneville Power Administration with respect to its tax aspects. There had been considerable agitation to impose ad valorem taxes on the districts, and it was felt that the bill as enacted was a satisfactory compromise.

H.B. 219 makes provision for the issuance, sale,redemption, funding and refunding of revenue bonds or warrants by public utility districts, prescribing terms and conditions of issuance and sale in detail. In substitute form, it was passed by the legislature and became effective as an emergency measure upon approval by the Governor on March 24, 1941 (Chapter 182, Laws of 1941).

H.B. 576 would have permitted the commissioners of any two or more public utility districts in which there are located properties comprising an integrated electric system, to create a joint public utility district commission, with the powers of a public utility district, except that it would not have the power to tax or issue general obligation bonds or warrants. The bill made provision for participation in such joint districts by cities or other municipal corporations. The joint public utility districts would have been subject to certain stated excise taxes. The bill passed the House but failed in the Senate.

Amendment of Electrical Wiring and Licensing Law. H.B. 185 would have amended Section 4, Chapter 169, Laws of 1935 to eliminate the bond requirement for electricians and reduce the electrician's license fee in small towns from $50. per year to $10. per year. The bill passed the House but failed of passage in the Senate.

B. Defensive Program

Electrical Wiring Licensing and Inspection Bill. Sub. S.B. 45 would have imposed a requirement of a permit from the Department

within the limits of such cities and towns. It also [illegible] the time of election and term of office of public utility district commissioners. The public utility districts are [illegible] to compensate their commissioners and relatives thus for expenses. Section 7 of the [illegible] relating to determination of compensation [illegible] in districts in which domestic proceedings, was vetoed by the Governor. Section 8 authorizes the districts [illegible] for their employees [illegible] incorporation of public [illegible] by the Governor. Section 10 [illegible] valid existence of public districts [illegible] and imposes a six month limitation period upon any proceedings challenging the creation of the district. The bill was approved by the Governor on March 25, 1941, with the exception of Sections 7 and 8. It became effective on that date as Chapter 245, Laws of 1941. This bill is reported to have been worked out in conjunction with the public utility district attorneys and to be satisfactory to the Washington Power Administration with respect to its two aspects. There had been considerable agitation to repeal the various laws on the statutes, and it was felt that this bill is another and a satisfactory compromise.

H.B. 219 makes provision for the issuance, sale, redemption, funding and refunding of revenue bonds by public utility districts, prescribing forms and conditions of issuance and sale in detail. In substitute form, it was passed by the Legislature and became effective as an emergency measure upon approval by the Governor on March 24, 1941 (Chap. 182, Laws of 1941).

H.B. 576 would have prohibited the consolidation of any two or more public utility districts in which [illegible] located proportionate compensating on the granted [illegible] property, to operate a joint public utility district commission, with the powers of a public utility district, except that it would not have the power to tax or issue general obligation bonds or warrants. The bill made provision for participation in such joint district by cities or other municipal corporations. The joint public utility districts were [illegible] subject to certain stated [illegible] taxes. The bill passed the House but failed in the Senate.

Amendment	Legal Notices and Lien	Penalty. H.B. 185 would have [illegible]
Board may [illegible]	[illegible]	[illegible]
Liaison [illegible]	[illegible]	[illegible]
The bill [illegible]	[illegible]	[illegible]

of Labor and Industries for installation of electric wiring or equipment, and fixed a fee for such permit at $2.50 which would cover the inspection. The fee for work less than $15 would be 50¢. The bill would have prohibited the issuance of a permit to any person not holding a valid electrician's license, except property owners who made affidavit that they would do the work themselves. The proceeds would have gone into the Electrical Inspection Fund. The bill excepted incorporated cities and towns having inspection ordinances from the operation of the act. The substitute bill passed the Senate and, although favorably reported in the House, failed of passage.

Commission Jurisdiction over Public Utility Districts. S.B. 205 would have placed public utility districts under the regulation of the Department of Public Service.

Initiative 139 - 1940 Election. This measure which appeared in the November 1940 ballot would have required electoral approval of bonds, etc. issued by public utility districts. The measure, sponsored by the private utility companies and opposed bitterly by public power proponents, was the subject of a raging controversy. It was rejected by the electorate.

C. Collateral Legislation

Enacted. S.B. 160, providing that all grants of franchises or rights for the distribution of electric energy within any city or town by the legislative authority thereof, shall be subject to popular referendum, was passed and became effective March 21, 1941 as Chapter 114, Laws of 1941.

H.B. 337, amending the Public Service Commission Law by increasing the period of suspension of any proposed change in rates from 7 to 10 months, in the case of public service companies, became effective on June 12, 1941 as Chapter 162, Laws of 1941.

H.B. 324, amending the provisions of the Public Service Commission Law with respect to the regulation of contracts and arrangements between public service companies and affiliated interests, became effective on June 12, 1941 as Chapter 162, Laws of 1941.

H.B. 322, requiring authorization of the Department of Public Service for the sale, merger, lease or assignment of properties of public service companies, including the acquisition of securities of such companies, became effective on June 12, 1941 as Chapter 159, Laws of 1941.

H.B. 142, amending the provisions of Chapter 33 of the Washington Statutes with respect to the acquisition of public utilities

by municipal corporations, and providing for the validation of certain bonds and warrants issued in connection with past acquisitions, became effective on June 21, 1941 as Chapter 147, Laws of 1941.

Failed. H.B. 346 would have substituted for the old cooperative associations law (Chapter 19 of the Laws of 1913) a new "Consumers' Cooperative Act". Associations organized under the act would have the same powers and capacity to act as are possessed by corporations organized under the Washington uniform business corporation act. The bill passed the House and was adopted with amendments in the Senate. The House failed to concur in the Senate amendments and the bill failed.

H .B. 255 would have made provision for the foreclosure of delinquent taxes against utility company properties, and for the sale of such properties to satisfy the tax.

H.B. 256 would have amended Chapter 123 of the Laws of 1935 relating to the taxation of certain public service company properties.

S.B. 10 would have amended the Public Service Commission Law with respect to the procedure in valuing properties for the purpose of rate determination. The bill would have required the Department of Public Service to take into consideration for such purpose the value of the properties as listed for taxation purposes.

S.B. 165 would have validated the municipal bond issues of cities which had approved, by majority vote, the acquisition and operation of municipal electric light and power systems.

D. 1943 Program

A redetermination should be made of the necessity for seeking enactment of the Electric Cooperative Act. In the event that it is decided to proceed in this direction, an intensive field campaign of education prior to convening of legislature will be necessary. In connection with this feature of the 1943 program, as well as with all others, the development of the public power program through the power districts will undoubtedly be a very weighty factor.

In the event passage of the model act is not sought, it will be found profitable to reexamine the Non-Profit Corporation Act for the purpose of determining what changes would be desirable in connection with the operations of our cooperative borrowers. The movement for passage of a new cooperative act should also be closely observed, so that if possible the support of those behind the 1941 movement in this direction can be enlisted for the model act.

Unless some unforeseem developments occur in the field, it will probably not be necessary for us to take any affirmative position with respect to public utility district legislation. As always, however, developments must be watched.

Agitation for revision of the State Electrical Wiring Licensing and Inspection Laws may be anticipated. This situation too should be followed.

We have relied to some extent on the Bonneville Power Administration people for advice as to developments in Washington. Unless we correlate the legislative activity of our borrowers much more closely with those of the districts and others supplied by Bonneville, we may not expect such effective support in this direction.

1941 West Virginia Legislation - Final Report
Session: January 8 to March 8, 1941

A. Affirmative Program

Model Act. Our West Virginia borrowers are organized under the General Corporation Act and by a ruling of the Public Utilities Commission are subject to the jurisdiction thereof. The existing West Virginia statutes have been found unsuitable for the proper development of the rural electrification program in this state. The assistance of Governor Neely in securing proper consideration of the Electrical Cooperative Act was sought, but no encouragement was received in that direction. The act was not introduced.

B. Defensive Program

No legislation inimical to the rural electrification program appears to have been introduced. Unfortunately our lines of communication with the West Virginia situation were poor. However, a check of the West Virginia enactments made by our legal staff discloses that no such legislation was enacted.

C. Collateral Legislation

No legislation collaterally affecting the program appears to have been enacted.

D. 1943 Program

The need for passage of the Electric Cooperative Act still appears to be urgent. Current developments in connection with the matter of Commission jurisdiction may even increase the need therefor. If introduction of the model act is not deemed feasible, certain amendments to the General Business Corporation Law should be sought, if the legislative situation warrants. These include amendment of the present requirement of a majority of members for a quorum, clarification of power to amend bylaws, authorization to construct and operate refrigeration plants, and authorization to the Board of Directors to mortgage all of the corporation's property to the United States or its agencies. In

addition to this amendatory program, the introduction of a short statute providing for Commission exemption should be considered.

The situation with respect to ad valorem assessments is also acute and will require legislative adjustment.

1941 Wisconsin Legislation - Final Report
Session: January 8 to June 6, 1941

A. Affirmative Program

Prior to the convening of the 1941 legislature, a Public Relations Committee appointed by the Wisconsin Electric Cooperative met and considered an affirmative legislative program. Mr. Floyd E. Wheeler, of Maloney, Wheeler & Mehlhouse, of Madison, Wisconsin, and a member of the REA legal staff assisted in the formulation of the program. Introduction of the model act was considered, but it was determined to be unnecessary. The chief difficulty encountered by the Committee during the session was in negativing the activities of Assemblyman Cook who acted as sponsor on some of the bills but later embarrassed the Committee by his activities in connection with the legislation.

Amendatory Legislation. Because of questions which had arisen as to the power of bodies politic to acquire cooperative membership, specific statutory authorization was sought (No.270A). A substitute bill which originated with the private power companies was ineffectively opposed by the Committee. Notwithstanding its efforts to kill the bill in the Senate, it was enacted (Chapter 267, Laws of 1941) as an addition to Chapter 185, the Cooperative Associations Act under which our borrowers are organized. While the act as passed authorizes electric service to schoolhouses and town halls and their membership in the cooperatives, it contains provisions which, by negative implication, raise some question as to certain types of service by cooperatives. Experience will disclose whether the bill will have the effect of limiting present cooperative operations.

Tax Legislation. Two problems had arisen in connection with the 3% gross receipts tax passed in 1939: (a) the application of the tax to receipts in 1938 in which year some of the cooperatives had paid ad valorem taxes; (b) the application of the tax to receipts other than those arising from the sale of electric energy, e.g., repayment of loans to members. Amendments offered by Assemblyman Cook who was one of the legislative sponsors, against the wishes of the Committee were unsuccessfully opposed by the Committee. The bill (160A), as amended, and enacted into law (Chapter 199, Laws of 1941), restricts the gross receipts tax to revenues from the sale of electric energy to members, specifically excluding "revenues from the sale of appliances, repayment of loans and interest thereon, or other like revenues not directly derived from the sale of electric energy"; provides that

"real and personal property not used for the exclusive purpose of generating, transmitting, distributing or furnishing electric energy shall be subject to general property taxes"; and directs that the assessment of the gross receipts tax shall commence with 1939 revenues, and that any payments made on account of 1938 gross revenues shall be credited to the taxpayer.

Mr. Cook, notwithstanding the unanimous contrary vote of the Wisconsin cooperatives, introduced a bill (699A) which would have reduced the gross receipts tax rate from 3% to 2%. This bill did not pass. He also introduced another tax bill (706A) which, in amended form, would have permitted any electric company serving rural customers to reduce rates not less than 5% nor more than 10%, and to secure an equivalent credit against its tax bill. This bill also failed to pass.

Insurance Bill. The Committee also secured introduction of a bill (266A) which would have amended section 202.06 (2) of the statutes to permit the town mutual insurance companies to insure buildings, equipment, materials, and supplies of rural electric cooperative associations. This bill passed the Assembly unanimously on April 18th. It reached the very last stage in passage in the Senate,but final action was not taken before adjournment.

Use of Highways. The rule of additional servitudes, in force in Wisconsin, prohibits the use of highways for electric lines without the consent of adjoining owners. An attempt was made to secure amendment of section 80.47 of the statutes by adding a subsection which would have permitted such use and would have abrogated the rule of additional servitudes. This bill (267A) was shuffled between the Judiciary Committee and the Highways Committee of the Assembly and failed to pass.

Registration of Engineers. Some question was raised as to whether section 101.31 of the Wisconsin statutes required the presence of a registered engineer on the staff of each of the cooperatives. To settle the question, the Committee secured the introduction of a bill (268A) exempting the Cooperatives from this requirement. However, the Engineering Division of the Wisconsin Registration Board of Architects and Professional Engineers commenced discussions with representatives of the Wisconsin cooperatives with a view to solving the problem administratively. In view of the administrative interpretation which was secured, the bill was not pressed to hearing.

Eminent Domain. Attempt was made to create sections 32.02 (9) and 32.03 (4) of the statutes, to permit the exercise of eminent domain by rural electric cooperative associations. Utility com-

pany opposition was encountered and the bill (269A) failed to pass.

B. Defensive Program

Electric Licensing and Inspection Bill. Under the sponsorship of the Alliance of Town Mutual Insurance Companies, and with the support of the Safety Commission of the Industrial Commission, an attempt was made to secure an enactment of an electrical licensing and inspection bill which contained provisions which would have been burdensome to rural electrification. Our borrowers took no affirmative position with respect to this bill (459A). The bill passed the Assembly by a wide margin, but failed of passage in the Senate.

C. Collateral Legislation

Wisconsin Development Authority. An attempt was made to secure passage of a bill (496A) which would have created the Wisconsin Development Authority with power, among other things, to promote the organization of cooperative associations and non-profit corporations to engage in the production, transmission, distribution or furnishing of light or power, to promote the organization and creation of municipal power districts, and to promote the acquisition of light and power facilities by any cooperative or non-profit corporation. The bill provided for an annual appropriation of $60,000; it was referred to the Judiciary Committee from which it never emerged.

D. 1943 Program

It is most important to follow carefully the operation of Chapters 199 and 267 of the 1941 Laws.

The question as to whether or not the bill to permit town mutuals to insure cooperative risks, and the bills conferring the power of eminent domain and abrogating the rule of additional servitudes should be presented to the 1943 legislature, should be considered prior to the opening of the session. While enactment of these bills would undoubtedly be beneficial, there did not appear to be any pressing need therefor during the 1941 session.

1941 Wyoming Legislation - Final Report
Session: January 14 to February 22, 1941

A. Affirmative Program

Model Act. Introduction of the Electric Cooperative Act was considered but in view of the fact that incorporation under the General Corporation Law presented no great difficulty, and since adequate sponsorship of an affirmative legislative program was not available, no action was taken beyond submission of a copy of the model act to one of our borrowers.

B. Defensive Program

Tax Legislation. Following the January, 1941 decision of the Wyoming District Court (State) in Rural Electric Company v. State Bd. of Equalization (appeal pending) enjoining the collection of sales tax from our borrowers, an attempt to amend the statute was anticipated. Under date of January 31, 1941 we were advised by Walter Q. Phelan, who represented the Rural Electric Company in the tax case, that a bill, H.B. 21, had been introduced which would have the effect of nullifying the court victory. Our request for copies of this bill was not complied with. We received advice indirectly that the bill had been killed. However, after adjournment of the legislature, we were advised of the enactment of another bill, S.F. 11 (Chapter 98, Session Laws of 1941, approved February 24, 1941, effective April 1, 1941) which unequivocally subjects our borrowers to sales tax liability. Apparently, our borrowers were lulled into inaction by the erroneous report that the sales tax bill had been killed.

C. Collateral Legislation

Failed. H.B.4, the Municipal Utilities Act of 1941, was introduced by failed to pass. It would have authorized cities and towns to acquire utility systems, prescribed condemnation procedure, and authorized issuance of revenue bonds.

S.F. 103 which would have authorized the fixing of public utility rates by municipal ordinance was also defeated.

Enacted. H.B. 92, enacted as Chapter 57, Laws 1941, effective February 18, 1941, amends Section 94-124, Rev. Stats. 1921, relating to the collection of fees by the Public Service Commission.

H.B. 164 (Chapter 107, Laws 1941) and H.B. 174 (Chapter 106), both effective April 1, 1941, relates to payments under protest and claims for refund of sales and use taxes respectively.

D. 1943 Program

Re-examination of the necessity of securing enactment of the Electric Cooperative Act should be made, particularly in the light of the recent assumption of jurisdiction by the Wyoming Public Service Commission over one of our borrowers. Specific exemption of our borrower from the sales tax should be considered. Our borrowers are now enjoying a five-year statutory exemption from ad valorem taxation.

A new, reliable line of communication with respect to the action of the legislature is clearly needed. The sessions are too short, action too fast to risk recourse to the old source of information.